

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CROWE: Committee on the Territories. H. R. 7259. A bill to authorize the conveyance by the United States to the city of Ketchikan, Alaska, of a certain tract of land in the town site of Ketchikan; with amendment (Rept. No. 1647). Referred to the Committee of the Whole House on the state of the Union.

Mr. BINDERUP: Committee on the Territories. H. R. 7778. A bill to amend section 26, title I, chapter 1, of the act entitled "An act making further provision for a civil government for Alaska, and for other purposes," approved June 6, 1900; with amendment (Rept. No. 1648). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLS: Committee on the Territories. H. R. 7827. A bill to authorize public-utility districts in the Territory of Alaska to incur bonded indebtedness, and for other purposes; without amendment (Rept. No. 1649). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CASE of South Dakota: A bill (H. R. 8561) to make crop, feed, and seed loans from the Farm Credit Administration refundable by 10-year installment contracts; to the Committee on Agriculture.

By Mr. LEA: A bill (H. R. 8562) to clarify the act approved February 18, 1931 (46 Stat. 1171), entitled "An act to provide for the deportation of aliens convicted and sentenced for violation of any law regulating traffic in narcotics"; to the Committee on Immigration and Naturalization.

By Mr. WALLGREN: A bill (H. R. 8563) to amend section 13 of the act of March 4, 1915, as amended on June 25, 1936, entitled "An act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea"; to maintain discipline on shipboard; and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. TOWEY: A bill (H. R. 8564) to establish a national foundation for the purpose of promoting research into the cause, prevention, methods of diagnosis and treatment of cancer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HILL of Washington: A bill (H. R. 8565) defining the compensation of persons holding positions as deputy clerks and commissioners of United States district courts, and for other purposes; to the Committee on the Judiciary.

By Mr. BACON: Resolution (H. Res. 365) authorizing an investigation and study of the broadcasting industry, of broadcasting in the United States, and of interstate and foreign communication by radio; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of Illinois: A bill (H. R. 8566) granting an increase of pension to Mary R. Schreiber; to the Committee on Invalid Pensions.

By Mr. EBERHARTER: A bill (H. R. 8567) for the relief of Margaret B. Nonnenberg; to the Committee on Claims.

By Mr. GRAY of Pennsylvania: A bill (H. R. 8568) granting an increase of pension to Ida A. Shaffer; to the Committee on Invalid Pensions.

By Mr. LEA: A bill (H. R. 8569) for the relief of Filiberto A. Bonaventura; to the Committee on Immigration and Naturalization.

By Mr. McFARLANE: A bill (H. R. 8570) for the relief of Friend John Root; to the Committee on Naval Affairs.

Also, a bill (H. R. 8571) granting 6 months' pay to Mrs. Vallie M. Current; to the Committee on Naval Affairs.

By Mr. PATTON: A bill (H. R. 8572) for the relief of W. O. West; to the Committee on Claims.

By Mr. PETERSON of Georgia (by request): A bill (H. R. 8573) for the relief of the Georgia Marble Co.; to the Committee on Claims.

By Mr. SOMERS of New York: A bill (H. R. 8574) to correct the military record of Edward Lasky; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3472. By Mr. LUTHER A. JOHNSON: Petition of J. P. Montgomery, chief conductor, and C. W. McCaskill, secretary, Division No. 88, O. R. C., Ennis, Tex., favoring the wage and hour bill and also the farm bill; to the Committee on Labor.

3473. By Mr. LESINSKI: Resolution of the Michigan State Poultry Improvement Association, opposing regulation of hours and wages in hatchery operation except under that classification which shall apply to all agricultural labor; to the Committee on Labor.

3474. Also, resolution of National Association of Letter Carriers, Branch No. 1, Detroit, Mich., protesting against the passage of House bill 8065 and Senate bill 2875; to the Committee on the Civil Service.

3475. By Mr. WOLFENDEN: Petition of Matthew C. Hayes and others, of Chester, Pa., concerning House bill 2257; to the Committee on Ways and Means.

SENATE

THURSDAY, DECEMBER 2, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE JOURNAL

On request of Mr. POPE, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, December 1, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. POPE. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

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|--------------|-----------------|-------------|---------------|
| Adams | Davis | King | Pepper |
| Ashurst | Dieterich | La Follette | Pittman |
| Austin | Donahey | Lee | Pope |
| Bailey | Duffy | Lodge | Radcliffe |
| Bankhead | Ellender | Logan | Russell |
| Berry | Frazier | Loneragan | Schwartz |
| Bilbo | George | Lundeen | Schwellenbach |
| Borah | Gerry | McAdoo | Sheppard |
| Bridges | Gibson | McCarran | Shipstead |
| Brown, Mich. | Gillette | McGill | Smathers |
| Brown, N. H. | Glass | McKellar | Smith |
| Bulkley | Graves | McNary | Thomas, Okla. |
| Bulow | Green | Maloney | Thomas, Utah |
| Burke | Guffey | Miller | Townsend |
| Byrd | Hale | Minton | Truman |
| Byrnes | Harrison | Moore | Tydings |
| Capper | Hatch | Murray | Vandenberg |
| Caraway | Hayden | Neely | Van Nuys |
| Chavez | Herring | Norris | Wagner |
| Clark | Hitchcock | Nye | Walsh |
| Connally | Johnson, Calif. | O'Mahoney | Wheeler |
| Copeland | Johnson, Colo. | Overton | White |

Mr. MINTON. I announce that the Senator from West Virginia [Mr. HOLT], the Senator from Delaware [Mr. HUGHES], and the Senator from North Carolina [Mr. REYNOLDS] are absent from the Senate because of illness.

The Senator from Kentucky [Mr. BARKLEY] is absent on important public business.

The Senator from Florida [Mr. ANDREWS], the Senator from Washington [Mr. BONE], and the Senator from Illinois [Mr. LEWIS] are unavoidably detained.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Mississippi Annual Conference of the Methodist Episcopal Church at Canton, Miss., favoring the enactment of the so-called Wagner-Van Nuys antilynching bill, which was ordered to lie on the table.

Mr. COPELAND presented a letter from William F. Otto, of Scranton, Pa., enclosing copy of a resolution adopted by the Thirty-fourth Annual Convention of the Master Brewers' Association of America, at Milwaukee, Wis., protesting against any reduction in the duty on imported beer, which, with the accompanying paper, was referred to the Committee on Finance.

He also presented a resolution adopted by the annual fall convention of the Genesee Conference Epworth League of the Methodist Episcopal Church, held at Lima, N. Y., endorsing the policy of the Government in relation to the recent Brussels conference on the Nine Power Treaty regarding principles and policies to be followed in matters concerning China, and favoring arbitration of the present Sino-Japanese conflict, which was referred to the Committee on Foreign Relations.

AMENDMENT OF LAW RELATING TO POSTMASTER APPOINTMENTS

Mr. McKELLAR. From the Committee on Post Offices and Post Roads I report back favorably, with amendments, the bill (S. 3022) to amend the law relating to appointment of postmasters, and I submit a report (No. 1296) thereon. It is desired that the minority views to be submitted by the Senator from Wyoming [Mr. O'MAHONEY] for himself, Mr. LOGAN, and Mr. LA FOLLETTE, and the individual views to be submitted by the Senator from New Hampshire [Mr. BRIDGES] be printed, together with the report of the committee.

I also ask unanimous consent that the bill as reported be printed in the RECORD, together with the several reports. I think the country as well as Senators should be informed of them through that means.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, that is rather an unusual request.

Mr. McKELLAR. Yes.

Mr. McNARY. I do not know how long the report is.

Mr. McKELLAR. I have not seen the individual views of the Senator from New Hampshire [Mr. BRIDGES], but the committee report is not very long.

Mr. McNARY. The report usually speaks for itself when printed as a document and is open to wide distribution and circulation. I should like to have the matter referred to the Committee on Printing.

Mr. McKELLAR. Then I withdraw the request for printing in the RECORD and merely ask that the report, with the minority views, be printed.

Mr. McNARY. My objection is a very fair one.

Mr. McKELLAR. I realize that. I am not complaining at all.

The VICE PRESIDENT. Without objection, the report will be received and printed, and the bill will be placed on the calendar.

Mr. O'MAHONEY. On behalf of the Senator from Kentucky [Mr. LOGAN], the Senator from Wisconsin [Mr. LA FOLLETTE], and myself, I ask consent to submit minority views on the bill.

Mr. BRIDGES. I ask consent to submit my individual views on the bill.

The VICE PRESIDENT. Without objection, the minority and individual views just presented on Senate bill 3022 will be received and printed, together with the report of the committee.

ADDITIONAL COPIES OF HEARINGS ON REORGANIZATION OF THE JUDICIARY

Mr. HAYDEN. From the Committee on Printing I report back favorably, without amendment, Senate Resolution 201, and ask for its immediate consideration.

There being no objection, the resolution (S. Res. 201) submitted by Mr. ASHURST on November 30, 1937, was read, considered, and agreed to, as follows:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on the Judiciary of the Senate be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies each of parts 1 and 2 of the hearings held during the first session of the Seventy-fifth Congress before the Committee on the Judiciary of the Senate on the bill (S. 1392) to reorganize the judicial branch of the Government.

ADDITIONAL COPIES OF HEARINGS—PENSIONS TO CIVIL WAR WIDOWS

Mr. HAYDEN. From the Committee on Printing I report back favorably, without amendment, Senate Resolution 203, and ask for its immediate consideration.

There being no objection, the resolution (S. Res. 203), submitted by Mr. MCGILL on December 1, 1937, was read, considered, and agreed to, as follows:

Resolved, That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Pensions be, and is hereby, authorized and empowered to have printed for its use 2,000 additional copies of the hearings held during the first session of the Seventy-fifth Congress before the Committee on Pensions of the Senate on the bill (S. 2219) granting pensions to certain widows of veterans of the Civil War.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of D. Lawrence Groner, of Virginia, to be chief justice of the United States Court of Appeals for the District of Columbia.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

(Mr. COPELAND introduced Senate bill 3078, which was referred to the Committee on Commerce and appears under a separate heading.)

By Mr. WHEELER:

A bill (S. 3079) for the relief of George W. Breckenridge; and

A bill (S. 3080) for the relief of John R. Marlow; to the Committee on Claims.

By Mr. NYE:

A bill (S. 3081) authorizing the Secretary of Commerce to grant to the city of Fargo, N. Dak., an easement over a certain tract of land owned by the United States; to the Committee on Commerce.

By Mr. TYDINGS:

A bill (S. 3082) for the relief of William E. Gantt, Sr.; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3083) to amend section 4311 of the Revised Statutes, relating to vessels engaged in the coasting trade or fisheries; to the Committee on Commerce.

By Mr. MINTON:

A joint resolution (S. J. Res. 229) directing the Federal Trade Commission to investigate the policies employed by manufacturers in distributing motor vehicles and the policies of dealers in selling motor vehicles at retail as these policies affect the public interest; to the Committee on Interstate Commerce.

By Mr. VAN NUYS and Mr. MINTON:

A joint resolution (S. J. Res. 230) authorizing the President of the United States of America to proclaim October 11, 1938, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

By Mr. SMATHERS:

A joint resolution (S. J. Res. 231) for the relief of Nicholas Casale; to the Committee on Military Affairs.

AMENDMENTS TO MERCHANT MARINE ACT

Mr. COPELAND. Mr. President, I ask consent to introduce a bill for reference to the Committee on Commerce. It is a bill to amend the Merchant Marine Act. The amendments to the act have been prepared by the United States Maritime Commission.

I may say to those who are interested, particularly to members of the Committee on Commerce, that there is a committee print showing the present law in roman type, the proposed new matter in italics, and the matter to be stricken out in line type, and then, following each amendment, an explanation of its purpose. I think this print will be illuminating. The hearing, so far as Government witnesses are concerned, will begin Wednesday of next week and for the general public the following week.

The VICE PRESIDENT. Without objection, the bill will be received and referred to the Committee on Commerce.

The bill (S. 3078) to amend the Merchant Marine Act, 1936, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. GEORGE, Mr. HATCH, and Mr. POPE each submitted an amendment, and Mr. BYRD, Mr. BANKHEAD, and Mr. PEPPER each submitted amendments, intended to be proposed by them, respectively, to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were severally ordered to lie on the table and to be printed.

Mr. OVERTON. I submit two amendments to the pending bill and ask that they be printed, printed in the RECORD, and lie on the table.

The VICE PRESIDENT. Without objection, the amendments will be received, printed, printed in the RECORD, and lie on the table.

The amendments submitted by Mr. OVERTON and intended to be proposed by him to Senate bill 2787, the agricultural relief bill, are as follows:

On page 35, line 5, after the word "State", insert a semicolon and the following: "Provided, however, That the lands devoted to crops for market other than cotton shall be excluded in determining tilled lands under this subsection (1)."

On page 36, line 6, after the words "in such year", insert a semicolon and the following: "Provided, however, That the lands devoted to crops for market other than cotton shall be excluded in determining tilled lands under this subsection (2)."

ACTIVITIES OF AMERICAN COTTON COOPERATIVE ASSOCIATION—LIMIT OF EXPENDITURES

Mr. SMITH submitted the following resolution (S. Res. 205), which was referred to the Committee on Agriculture and Forestry:

Resolved, That Senate Resolution 137, agreed to July 27, 1937, Seventy-fifth Congress, first session, relative to an investigation of certain activities of the American Cotton Cooperative Association, is hereby continued in full force and effect, and that the limit of expenditures that may be made under authority of such resolution is hereby increased by \$25,000 and shall be paid from the contingent fund of the Senate upon vouchers to be approved by the chairman of the Committee on Agriculture and Forestry.

FEDERAL-AID HIGHWAY APPROPRIATIONS

Mr. VANDENBERG. Mr. President, I ask unanimous consent that a telegram from the Michigan State highway commissioner regarding road appropriations and my answer to him may be printed in the RECORD.

There being no objection, the telegram and letter were ordered to be printed in the RECORD, as follows:

LANSING, MICH., November 29, 1937.

HON. ARTHUR H. VANDENBERG,

United States Senate, Washington, D. C.:

You no doubt realize the great influence on Michigan's prosperity of the continuation of regular Federal-aid highway appropriations. Two of our three major industries of this State are entirely dependent upon roads, and particularly upon a continuation of the development of our primary road system. The manufacture of automobiles will not continue to expand unless our road system continues to expand. The development of our tourist trade in Michigan, which amounted to over \$400,000,000 last year, cannot continue to support our people without better roads. In view of this urgency in Michigan, and in order not to create a heavier

burden of welfare relief I urge you more strongly than ever before to support an increased allotment for Federal-aid highways. A specific gasoline tax is levied by the Federal Government on motorists in proportion to the number of miles they drive. This Federal tax on gasoline far exceeds governmental aid for highways and is not to Michigan's best interest.

MURRAY D. VAN WAGONER,
Michigan State Highway Commissioner.

DECEMBER 2, 1937.

HON. MURRAY D. VAN WAGONER,

Michigan State Highway Commissioner,
Lansing, Mich.

MY DEAR MR. VAN WAGONER: Your telegram of November 29, urging continuing Federal highway appropriations on an emergency basis, reached me the same day that the President officially recommended to Congress that these appropriations be reduced "because of the necessity for taking definite steps to reduce expenditures for the purpose of securing a balanced Budget." Of course, I do not know whether you were anticipating the President's message, or whether you were making your request in ignorance of the Presidential position. In the latter event you will, of course, wish me to disregard your request.

I have the greatest respect for your knowledge of Michigan highway needs, and I am always disposed, whenever possible, to go along with your recommendations. But I also have the deep conviction that, unless the Federal Government promptly quits living beyond its income, there will be a disaster to the public credit which will desperately harm us all. There will also be an inflationary trend which will crucify our people on the cross of high costs of living. Furthermore, there can be no possible stabilization of business and no possible escape from the present depression unless we can get back the "confidence" which requires, among other things, a balanced Budget—the "confidence" upon which jobs for millions of our unemployed depend.

You are entirely justified in emphasizing the importance of more and better highways in the interest of Michigan's great motor industry and its great "summer playground" trade. But even more important to these Michigan interests is the restoration of a sound national economy under which there will be a widespread purchasing power to buy our cars and to visit our vacation lands.

Therefore, I am forced to the conclusion that, if the President has finally determined to reduce Federal expenditures sufficiently to balance the Budget and restore a sound public credit, he is sustained by the larger considerations of public welfare in Michigan and throughout the Union; and since I have long been advocating the course upon which he now appears to have embarked, I shall support him in this movement, provided it proves to be an adequate and comprehensive movement which promises real results.

Personally, I should choose other places to start the Federal economies upon which tax relief and credit saving must depend. But I cannot put myself in the equivocal position of advocating economy in the abstract and deserting it in the concrete. "In the concrete" has a significant double meaning where highway economies are concerned. I am not entitled to criticize the President for prodigal spending if I decline to follow him when he chooses to reform.

It is to be remembered that the President is by no means proposing to abandon Federal highway aid, which has mounted to a staggering total in excess of \$3,000,000,000 in the last 20 years. He is still proposing to spend in excess of one hundred millions a year on Federal highway aid.

May I add an expression of my hope that we may soon match these reductions in highway grants with a fully equivalent reduction in Federal taxes on motor cars and gasoline. Nothing could be of greater importance to our motor industry and our tourist trade for which you most appropriately bespeak an emphatic interest.

I am glad to have the opportunity to exchange these views with you.

With warm personal regards and best wishes,
Cordially and faithfully,

A. H. VANDENBERG.

FEDERAL CROP CONTROL AND THE TAX BURDEN

Mr. DAVIS. Mr. President, since the 1st of July of this year the traveling solicitors of the Farm Journal have personally polled about 40,000 farmers in 23 States, exclusive of the South. The question asked these farmers was: "Are you in favor of Federal crop control?" This is a very direct, simple, and fair question. In Pennsylvania, which I have the honor, in part, to represent, 5,024 farmers voted "no" and only 159 farmers voted "yes." This poll, insofar as Pennsylvania is concerned, represents my observation of agricultural investment there, both as shown by my constant visitation in rural communities and through correspondence. My explanation of this refusal of the Pennsylvania farmer to ask for Federal crop control is that he has learned through crop diversification how to manage his own production to advantage.

While we are discussing the farm bill, for which there is apparently little demand from Pennsylvania farmers, my office is flooded with innumerable petitions from labor and business that something be done immediately to ease the burden of taxes. I understand that President Roosevelt has said that, so far as he is concerned, tax revision may be undertaken at once. However, we find ourselves in discussion as to how penalties may be applied to American farmers if they refuse to abide by quotas imposed by the Department of Agriculture under this proposed legislation. We are not busy as we should be busy, following last Monday evening's eloquent radio address of the senior Senator from Mississippi (Mr. HARRISON), in the effort to relieve the Nation from the galling chains of the undistributed-profits tax and the capital-gains tax. Moreover, we have no assurance that this will be the first order of business at the regular session of Congress. Opinion is general that the one thing most imperatively needed right now is tax relief. A number of Senators, my very able colleagues, have said this forcefully on the floor of the Senate during the last few days. It should be a matter of concern to all of us. We have tried governmental pump priming to the tune of \$20,000,000,000. The experiment as conducted did not make for permanent prosperity. Now, if there is to be any hope of lifting the Nation out of a financial and economic recession which has plunged us downward with greater rapidity than the shock of 1929, we must give free labor and business a chance. Failure to do this will leave an indelible mark of futility upon this administration. I ask to have printed in the RECORD as a part of my remarks a statement from a Philadelphia businessman, Mr. Shelby Cullom Davis, which is an excellent epitome of hundreds of letters which have come to my office recently. Also, I ask to have printed an editorial from the Easton Express, which is the recognized Democratic newspaper of Northampton County, Pa. The editorial is entitled "Let Business Alone," and appeared in the issue of November 27. The editor of the Easton Express, Mr. William Robertson, I am informed, was an original supporter of President Roosevelt.

Mr. POPE. Mr. President, may I ask the Senator from Pennsylvania in what business Mr. Davis, to whom he has referred, and who wrote the letter about farming, is engaged? Is he the editor of a farm journal?

Mr. DAVIS. No. Mr. Jenkins is the editor of the farm journal.

Mr. POPE. In what business is Mr. Davis engaged?

Mr. DAVIS. Mr. Davis is a businessman in the city of Philadelphia.

Mr. POPE. In what business is he engaged?

Mr. DAVIS. He is connected with the W. S. Wasserman Co., of Philadelphia.

Mr. POPE. What does that company manufacture?

Mr. DAVIS. They are investment counselors. They advise those who have money to invest.

The VICE PRESIDENT. Is there objection to the request of the Senator from Pennsylvania?

There being no objection, the letter and editorial were ordered to be printed in the RECORD, as follows:

UNDISTRIBUTED PROFITS TAX AS A FACTOR IN CURRENT BUSINESS RECESSION

In a great many personal and confidential interviews with corporation executives throughout the United States I have found keen resentment, bordering upon undisguised hatred, of the undistributed-profits tax. These executives believe that while governmental regulation to maintain fair competition is desirable, the law in question penalizes the prudent and would result in a staggering wave of corporate bankruptcies in the event of a serious depression. It is true, they argue, that the undistributed-profits tax at present tends to increase mass purchasing power through its forced disbursement of corporate savings. However, because of it corporation managers hesitate to spend funds for plant rehabilitation and expansion—both because of fear of still further governmental intervention into the corporate sphere and because of just plain lack of surplus funds.

Although the undistributed-profits tax appears to be the spearhead of business opposition to the New Deal, it is my considered opinion that repeal of this measure alone would be insufficient to attract the new capital investment that the capitalistic system needs annually injected into the stream of the country's pur-

chasing power. During the period 1924-29 a monthly average of \$250,000,000 in new money was subscribed for in our security markets and spent for new plant and equipment to the benefit of mass purchasing power. During the period 1932-36 the monthly average of new money dropped to \$35,000,000 and in its stead the Federal Government spent a monthly average of \$250,000,000 over and above the 1924-29 average. This Federal money took the place of the new money monthly injected into the system through the medium of private savings.

The difference between the two methods obviously is that under a system of private investment of savings the individual judges and bears the profit or loss of each investment, which takes the form of an article so useful to society that it will produce a profit. Under Federal investment the tangible form this investment takes does not of necessity prove so useful as to produce a profit. Moreover, the Nation as a whole must bear the debt, and unwise investment is not canceled out until national bankruptcy sets in instead of through the individual bankruptcy method which daily indicates the unwise judgments of individuals made within the system. The outlook for private investment of savings is black not because of the undistributed-surplus tax alone but because of the profit outlook generally. There is a widespread feeling among corporate executives that under the New Deal, profits are suspected and looked at askance as something almost unrighteous and unholy. The New Deal has translated this philosophy into practical form by its moral underwriting of labor's attempt to raise wages and at the same time by its attempt to put a roof over prices, thus putting the "squeeze" on business profits. What man, banker or worker, in his right senses would invest his savings in an enterprise under these circumstances? It is superficial to look at business profits thus far in 1937 as representing the current condition, for these profits in many cases were obtained through favorable forward buying of raw materials while the price spiral was still ascending, and the gross business of the country was at a high level while this excessive forward buying was under way. The fall of the stock market represents, in my view, a belated but correct interpretation of the profit outlook as differentiated from past profits, and the outlook would seem to be for still lower prices until the profit outlook is cleared.

Unfortunately for the country, the business community has grown increasingly skeptical of breathing spells emanating from the present occupant of the White House. Corporation executives recall the widely proclaimed breathing spell of the autumn of 1935 and the olive branch held out to the utilities before the elections of 1936. These breathing spells were shortlived and it will take a great deal of persuasion and, what is more important, actual deeds to prove to handlers of investment and corporate funds that the present rumored breathing spell is not but another piece of Presidential strategy to insure success for the elections of 1938 before completing the surgical operation necessary to transform the United States from a system of private capitalism with governmental regulation into a system of State capitalism under the management of government regulated and appointed individuals.

Many New Dealers are inclined to shrug their shoulders at the mention of frightened capital and demand—What are they going to do with the money? The answer is plain, and it is this: That it is better for a man to have his savings in the form of cash so that he can use it for his own wants on demand than to have it invested in bricks and mortar and machinery where it is liable not only to governmental taxes but, very often, if he insists upon income, to the charge that property rights are being placed before human rights. Property owners, being human, too, will prefer to keep their uninvested funds in cash balances where they can be used to meet current expenses rather than expose them to the illiquidity of bricks and mortar where they would by no means meet their own personal satisfactions.

It is sometimes stated that the recovery should be continued under the stimulus of Federal spending and that private investment is no more needed now than during the 1933-37 recovery. However, it is exceedingly questionable whether the Government could increase its deficits now after 8 years of steady deficits and still maintain its credit; and this growing lack of faith in the national credit would so paralyze private enterprise as to insure not only a first-class domestic hoarding of dollars but a movement of funds from this country on the part of the capital "sophisticates" who have studied the problem of safeguarding capital from the international viewpoint. It is believed in business circles that a continuation of priming-the-pump policies, now that such policies have proved a failure, at least to their satisfaction, would mark the serious beginning of a trend which would lead inevitably to close Federal control akin to dictatorship over the economic actions and eventually over the intellectual and spiritual life of American citizens.

It is these reasons, gleaned from constant contacts with corporation managers, which lead me to the belief that the repeal of the undistributed-profits tax would prove a welcome but passing palliative to the current distress of business and that the lasting remedy lies in an enduring about face in the administration's attitude toward business so that free and competitive business enterprise is honestly regarded as a creator of employment and a disburser of mass purchasing power and as such should be encouraged to the common good of all.

SHELBY CULLOM DAVIS.

NOVEMBER 4, 1937.

[From the Easton (Pa.) Express of November 27, 1937]

LET BUSINESS ALONE

Regardless of political considerations and irrespective of party lines, the time has come for the American people to say to the administration at Washington, "Let business alone!"

With stock quotations at their lowest figures since 1931, with business, large and small, almost at a standstill, compared with normal activities, with unemployment still at a menacingly large figure, and with the national debt at nearly \$39,000,000,000, the citizens of this country are faced with a serious condition and not a theory.

When we say that the administration should "let business alone," we mean just that.

We mean that taxes on potential business expansion and enterprise should cease.

We mean that the Government should give business a free rein save in those spheres where the Federal Trade Commission and the Interstate Commerce Commission are presumed to have jurisdiction.

Inequitable taxes, unjust regulation, and a paternalism, the like of which was never dreamed of by the founding fathers of this Republic, are sapping the very lifeblood of trade, commerce, and business.

The Government continues to live on borrowed money and to store up gigantic debts for the future on borrowed money.

The Government continues to pay an arbitrary and artificial price for gold and thereby pile up dangerous reserves.

It continues to legalize, or to strive to legalize, the fixing of prices on the farms and in coal industries.

It continues to hamper the railroads with questionable restrictions on their commerce and operations, while the truck traffic is allowed to compete on the highways with little or no regulation other than that provided by the States.

The Government itself talks economy while it continues to be one of the greatest spending agencies in the country's history.

With civilian workers, relief recipients, and C. C. C. men excluded, the Government itself, working a total staff of 829,193, has the largest pay roll the Nation has ever known.

Among other things, the administration, by its insistence upon exercising a rigid and unwarranted paternalism over business, has created distrust for self-rule by the people; it has raised up a monopoly in government itself and it has well-nigh destroyed the competitive spirit in this country which for more than 100 years gave America a leading place in the commerce and trade of the world.

The situation transcends party lines. It strikes at the roots of the democracy which we had come to look upon as the highest type of government in the affairs of man.

Business needs more than a breathing spell. It needs confidence. It needs the feeling that it will be treated as justly as any other American group will be treated.

It needs the assurance that its money will be safe; that its economies will be protected; that its desire to grow and expand will not be hampered by inequitable restrictions and that both in Federal commissions and in the courts it will be received on an equal footing with all other American participants in proper causes.

The time has certainly come when the Government should let business alone, so that the people of this country—those identified with capital and those identified with labor alike—can grow and prosper and move forward to their rightful destiny.

RECIPROCAL TRADE AGREEMENTS—SHOE INDUSTRY—ARTICLE BY SENATOR LODGE

[Mr. AUSTIN asked and obtained leave to have printed in the RECORD an article by Senator LODGE, published in the Boston Sunday Advertiser of November 28, 1937, entitled, "Shoe Industry Must Have Pact Delay," which appears in the Appendix.]

THE UNSOLVED PROBLEM OF MONOPOLY—ADDRESS BY ATTORNEY GENERAL CUMMINGS

[Mr. McADOO asked and obtained leave to have printed in the RECORD an address on the subject of The Unsolved Problem of Monopoly, delivered by Hon. Homer Cummings, Attorney General of the United States, at a meeting of the Associated Grocery Manufacturers of America in New York City, November 29, 1937, which appears in the Appendix.]

ADDRESS BY HON. JESSE H. JONES AT THE OIL WORLD EXPOSITION

[Mr. SHEPPARD asked and obtained leave to have printed in the RECORD an address delivered by Hon. Jesse H. Jones, Chairman of the Reconstruction Finance Corporation, before the Independent Petroleum Association of America at Houston, Tex., October 14, 1937, which appears in the Appendix.]

THE AMERICAN SYSTEM OF BROADCASTING—ADDRESS BY WILLIAM S. PALEY

[Mr. WHITE asked and obtained leave to have printed in the RECORD an address by Mr. William S. Paley, president of the Columbia Broadcasting System, on the subject The

American System of Broadcasting, which appears in the Appendix.]

PRODUCTION OF BASIC COMMODITIES IN RELATION TO THE MONETARY SITUATION

[Mr. SMITH asked and obtained leave to have printed in the RECORD copy of a telegram addressed to him on August 13, 1937, by Fred H. Sexauer, chairman of the monetary committee, National Cooperative Council, on the subject of the production of cotton and other basic commodities in relation to the domestic and foreign monetary situations, which appears in the Appendix.]

WAGE-HOUR BILL—LETTER FROM WILLIAM GREEN TO REPRESENTATIVE NORTON

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD a letter from William Green to Representative NORTON on the subject of the wage-hour bill, published in the New York Herald Tribune of November 23, 1937, which appears in the Appendix.]

FLOOD CONTROL—ARTICLE BY BOSTON TRANSCRIPT

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an article on the subject of Flood Control, published in the Boston Transcript of December 1, 1937, which appears in the Appendix.]

SIXTEEN WASTED DAYS—EDITORIAL IN MANCHESTER UNION

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an editorial published in the Manchester (N. H.) Union of December 1, 1937, headed "Sixteen Wasted Days," which appears in the Appendix.]

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The VICE PRESIDENT. When the Senate recessed yesterday it was understood by the Senate as well as the President pro tempore, then presiding, that the Senator from New York [Mr. COPELAND] should be recognized this morning. Therefore the Chair recognizes the Senator from New York.

Mr. McNARY. Mr. President, will the Senator from New York yield to me?

Mr. COPELAND. I yield.

Mr. McNARY. The morning press refers to a letter sent by Secretary Wallace to the Senator from Idaho [Mr. POPE] and the Senator from Kansas [Mr. MCGILL] in opposition to some provisions of the pending bill. I have not had an opportunity to see the letter. I am anxious that it may be read to the Senate. I hope that before the Senator from New York proceeds we may have it read by the clerk. I think the letter is in the possession of the Senator from Idaho [Mr. POPE].

Mr. COPELAND. I am glad to yield for that purpose.

Mr. POPE. Mr. President, before the Senator from Oregon rose I had asked the Senator from New York sotto voce to yield for the very purpose of introducing the letter. I now request that the clerk read the letter to which the Senator from Oregon has referred.

The VICE PRESIDENT. Is there objection? The Chair hears none. The clerk will read, as requested.

The legislative clerk read as follows:

DEPARTMENT OF AGRICULTURE,
Washington, December 1, 1937.

HON. JAMES P. POPE,
HON. GEORGE MCGILL,

United States Senate.

MY DEAR SENATORS: This letter is written in response to inquiries which have been made by different Members of the Senate about my views, and those of the Department of Agriculture, concerning S. 2787, the proposed Agricultural Adjustment Act of 1937, which is now being debated in the Senate.

First, may I express my personal appreciation for the vast amount of sincere work and study that the authors of this bill have devoted to the problems that are dealt with in the measure. I appreciate also the references that have been made in the debate in the Senate to the fact that original impetus for the new farm

act was given by a national conference of farm leaders which was called by me to meet in Washington on February 8 and 9, 1937.

I have already made known to you, to the Agricultural Committees of Congress, and to the public my support of the principles back of this legislation. In a statement before the Committee on Agriculture of the House of Representatives on May 27, 1937, I advocated those principles as set forth in the companion bill to this measure. The two fundamental purposes of the bill, I said, were safeguarding the Nation's food supply through the ever-normal granary storage plan, and the protection of farm income. I characterized the proposed legislation as having great and permanent public interest.

These opinions I still hold. Indeed, the fall in prices of cotton, corn, hogs, and wheat in recent months, the simultaneous decline in business activity, and the serious agricultural problems in prospect for the future all point to an increasing need for legislation of the kind that you have sponsored. I am heartily in favor of early enactment of this legislation with, however, changes which I am suggesting herewith. I am convinced that you and the farm leaders who have worked with you have been performing a genuine service to agriculture. But I believe that some amendments would make the bill still more useful to the farmers and the Nation.

My statement of last May 27 submitted certain suggestions to Congress. Among them were recommendations that the cost of the bill be kept in line with the President's fiscal program, that the adjustable tariff proposal be eliminated from the bill, and that the measure might be revised to include both a provision for downward graduation of large payments and a rule for the division of payments between landlord and tenant or sharecropper. I appreciate that in revising the bill consideration has been given to these suggestions in the Agricultural Committees of both Houses of Congress.

One of the most urgent recommendations I made at that time, however, was that "because of the vital interest involved, the ever-normal-granary features for wheat and corn should be strengthened in such a way as to give consumers the protection of greater reserves than the present draft of the measure contemplates."

These ever-normal-granary provisions are a vital part of the bill. I said in my statement of May 27 that these provisions in the draft then under consideration called for maintaining carry-overs which would fall short of adequate ever-normal-granary supplies for corn and wheat. The Pope-McGill bill as introduced in the Senate on July 15 recognized this deficiency, however, and wisely provided for substantially larger reserves. In this form, with the inclusion of the provisions for these increased reserve supplies, the bill became the subject of hearings in all parts of the country. The ever-normal-granary feature won widespread approval from both the producers and the consumers because it gave an increased margin of safety against crop shortage, and also because, with provision for more stable supplies, it would help to iron out extreme fluctuations in price.

But the bill reported on November 22 by the Senate Committee on Agriculture and Forestry and in the form now before the Senate would reduce the reserve supply levels for both wheat and corn substantially below those provided in the Pope-McGill bill as introduced last July. Of course, I know that the reason for making this reduction was apprehension on the part of some that increases in reserves might depress corn and wheat prices. But the bill seems to be already well guarded against this. The reserves of both corn and wheat would be tightly held off the market until needed. The loans on corn, and to some degree on wheat, would be protective, and the plan would be backed up by marketing quotas. It seems to me that if the consumers are going to grant to farmers the right to protect agriculture against surpluses, the farmers have a duty to protect consumers against crop shortage by including an effective ever-normal granary as an essential part of their program. In its present form, the machinery of the bill would be intended not to build up and maintain reserves of corn and wheat at the levels proposed in the original Pope-McGill bill, but rather to prevent them from reaching those levels.

I earnestly recommend that the Pope-McGill bill's ever-normal-granary reserve supply requirements, with an increase somewhat above the Pope-McGill figure for corn, be restored to the committee bill to the end that this vital feature will become a part of the new farm act. The definition of normal supplies in the committee bill should include the average carry-over, which is now wholly excluded in the case of corn and only half included in the case of wheat.

I also earnestly recommend that the Senate consider the possibilities of using provisions which have already been carefully worked out in the Pope crop-insurance bill in connection with the wheat-reserve feature of this pending measure. If the Pope-McGill bill's reserve-supply level for wheat is restored to the committee bill, this level might be made inclusive of accumulations of wheat paid in as insurance premiums.

One consequence of the committee bill's reductions in the ever-normal-granary reserve supplies is to make the bill more restrictive than necessary. This would result in frequent use of marketing quotas. If these quotas are intended to hold supplies of wheat and corn at about average levels, and cotton supplies at even less, the quota system apparently would have to be employed in most years. But in the long run the farm program is most likely to work if the use of extreme measures is confined to emergencies and if the methods ordinarily employed are moderate. It has always been my thought that marketing quotas

should not be used unless and until the ever-normal granary was running over, and then only if approved by a two-thirds vote in a referendum. Restoring the Pope-McGill bill's reserve supply levels to the committee bill would liberalize marketing-quota provisions for the farmer, make the use of quotas less frequent, and reduce the degree of so-called "compulsion" to a lower and hence more desirable minimum.

I appreciate that a piece of legislation of the magnitude and importance of the pending bill necessarily becomes a composite of many individuals' ideas, and that great opportunities exist for differences in points of view. I wish to assure you, therefore, that the following additional suggestions are made wholly in a spirit of helpfulness.

In my opinion, greater protection could be afforded by the bill to both cotton and wheat growers by changes to safeguard the export possibilities for these two commodities. In the case of cotton, marketing quotas would be used under the bill as now drawn to restrict the annual supply to a quantity which would hold the American price out of line with the world price level. Such a price differential would have the effect of reducing export outlets for American cotton. The cotton farmers might for the time being gain in price this way, but the temporary gains from price would eventually be more than offset by losses in volume.

In the case of wheat, the loan rates now specified in the bill would undoubtedly in some years be out of line with world prices. This would result in the wheat being stored under a wheat loan instead of moving into export. Farmers in the Southwest hard winter wheat area and in the Pacific Northwest wheat region would ultimately suffer from the resulting loss of outlets abroad for their wheat, and this would react injuriously upon all wheat farmers. I believe the bill could be revised to guard more effectively against possibilities of a repetition of such injuries to farmers and losses to the Government as resulted when the Federal Farm Board made wheat loans at levels which blocked exports and piled up supplies in Government hands.

No one who studies these things carefully can fail to appreciate the difficulties of Congress in trying to meet the wheat and cotton problems. If wheat and cotton were sold on a domestic basis, price-supporting loans might be used as in the case of corn. Since, however, they are normally sold on an export basis, some other method seems to be needed.

Wheat is now back on an export basis. The tariff of 42 cents, which has been effective in raising prices during much of the past 3 years due to drought, which now again, as before the drought of 1934, affords what for the most part is merely a "paper" protection to the wheat farmer. Cotton growers depend upon foreign markets for outlets for a large part of their cotton. Hence they have always been victims of the protective tariff because the tariff reduces the ability of other countries to exchange goods for our cotton.

Partly for these reasons and because of the difficulty of meeting the problem in any other way, I have advocated that a tariff-equalizing tax, levied on the first processing of these commodities, be used to finance payments to growers of cotton, wheat, and possibly rice. While revenue measures do not originate in the Senate, the Senate is deeply concerned with this problem. An adequate and dependable system of financing is vital to the whole farm program.

The workability of the bill apparently could be considerably improved by making the provisions for contracts, base acreages, and acreage allotments simpler and more uniform. Contracts with farmers are required in the bill in the case of wheat and corn. But with regard to other commodities, offers to farmers without contracts are contemplated as under the Soil Conservation and Domestic Allotment Act.

In the interests of workability, it would seem important that the entire program, including the conservation program, should treat the farm as a unit either with a contract covering all commodities or else with offers to farmers without contracts. Providing contracts for some commodities and offers for others will tend to cause confusion which could be avoided. The advantages of the contract lie in extending the period to cover several years, and these advantages would be largely removed under the provisions requiring that contracts cover only the one year 1938 in the first instance and not more than 2 years thereafter.

For corn and wheat, base acreages and varying percentages of diversion therefrom from year to year are provided in the bill. For all other commodities, acreage allotments specifying for each year the acreage to be grown in the Nation and on each cooperating farm are provided. Either method, acreage allotments or diversion from base acreages, can be used for all commodities but from the standpoint of good administration all should be on the same basis. The allotment basis is simpler and more direct.

The method of acreage allotments for cotton could be revised so as to avoid difficulties and inequalities. As now drawn, the bill would result in the assignment of acreage allotments to many farms where they could not be used economically. It would tend to freeze cotton production in uneconomic areas. It would also tend to force all farmers in a county to adopt the same cropping system. A farmer who produces other cash crops, as tobacco, rice, peanuts, potatoes, wheat, or truck crops, would receive just as large a cotton allotment as a farmer whose only cash crop is cotton. Hence the bill now tends to discriminate against the best cotton areas and against farmers who have to depend entirely or almost entirely on cotton.

Under the appropriation act of last session, the price adjustment payment of 3 cents a pound on 1937 cotton is to be made only to those producers who comply with the 1938 program. The Senate bill, in section 64 (J), page 82, would remove that condition.

This would probably cause considerable dissatisfaction among those who have been cooperating in these programs. Naturally it will also reduce the extent of voluntary cooperation in the 1938 program and will presumably make necessary either the appropriation of additional funds or the further scaling down of the proportion of each cooperating producer's crop on which payment can be made. I doubt if it is a good thing to reduce payments to cooperating farmers in order to pay noncooperators. A payment of 3 cents per pound on the entire 1937 crop would require \$270,000,000.

There are serious objections to section 35. This section directs the Commodity Credit Corporation to waive its right, as provided in the cotton-loan agreement, to be reimbursed by warehousemen for improper grading of cotton. This would be an unwarranted concession to those warehousemen who have failed to exercise reasonable care in the classing of cotton for loan purposes. In most instances the warehousemen already have charged producers for classing the cotton for loan purposes and have accepted liability for any loss on account of improper classing of the cotton.

Attention is also directed to title IX of the bill. This is almost identical with similar legislation on which this Department made an unfavorable report to the Senate Committee on Agriculture and Forestry on June 8, 1937. In that report it was pointed out that the obligations of the cotton producers' pool have been discharged and that the remaining balance of funds of approximately \$1,800,000 accrued from sources in which the producer members of the cotton pool were not interested. Available information also indicates that speculators have purchased some of these certificates from many of the original producer members of the cotton pool at prices ranging down to 40 cents per bale. The proposed legislation would have the effect of redeeming certificates now in the hands of such speculators on the basis of \$1 per bale.

Upon further study of the ways in which present provisions for payments in schedule A would work out for farmers, you may wish to propose revisions. One difficulty is that payments under the schedule would vary greatly from year to year, ranging from as low as \$100,000,000 to more than \$500,000,000, so that under the provision for a scale-down, a reduction of as much as 50 percent from the schedule rates might have to be made in some years. While the scale-down would be necessary to protect the Treasury, the combination of a rate schedule with a scale-down would make farmers uncertain as to the amount of the payments they could actually count on. In some years, however, as in the case of wheat for 1938, farmers would know that the payments would be only nominal but that large acreage adjustments would be called for. Hence voluntary participation in the program would probably be so small as to be ineffective. For these reasons, it is my suggestion that further consideration be given to the effects on farmers of schedule A.

I am sure it will be understood by you, your colleagues in the Senate, and by others that the foregoing suggestions are being submitted in the hope of helping to attain new farm legislation which will be most useful to agriculture and to the Nation.

I have necessarily taken a great deal of space to cover a few points which I think might well be changed. Please do not let this obscure the fact that I am in agreement with major portions of the committee bill. In respect to the storage of surpluses for use in time of crop shortage, the committee bill can readily be remedied by restoring the corn and wheat reserve levels of the Pope-McGill bill as introduced into the Senate. This will protect the ever-normal-granary principle. The bill follows the useful method of employing marketing and storage quotas as a defense against unmanageable surpluses. It uses the methods of democracy in providing that marketing quotas cannot be used except after a two-thirds vote in a referendum. By basing payments on acreage or production allotments and not upon diversions from a crop, it properly places emphasis upon the maintenance of production at desirable levels. It would give greater recognition than has been given heretofore to factors other than history in the establishing of bases or allotments. It provides for the setting up of a definite policy for commodity loans.

I believe you who write the laws can depend on having the understanding and support of the farmers in your efforts to find a common ground on which those who are deeply interested in the vital objectives of this bill can unite.

Sincerely yours,

H. A. WALLACE, Secretary.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER (Mr. NORRIS in the chair). Does the Senator from New York yield to the Senator from Oregon?

Mr. COPELAND. I do.

Mr. McNARY. Mr. President, this very impressive letter from the Secretary of Agriculture is a tragic thrust at this hastily thrown together bill. It is tragic because it comes in the middle of the debate. I had expected such a report from the Secretary if he were called on for a report.

I stated here last week that one of the objections I had to the present consideration of the pending measure was the

fact that there had been no committee hearings on the bill. That did not seem to make any impression at the time. The Secretary of Agriculture was not called before the committee, and I venture the statement, one verified by experience, that in all the time this body has legislated never has an important bill come before the Senate which has not been referred to the department having jurisdiction for its report.

The pending bill was never referred to the Secretary of Agriculture. Neither the bill, nor any of its four editions, was referred to the Secretary of Agriculture. But a few days ago, when the able Senator from Maryland [Mr. TYDINGS] asked the Senator from Idaho [Mr. POPE] for a report, the Senator from Maryland requested that the bill be sent to the Secretary, and here we have his first voice of disapproval.

During the hasty reading of the letter from the Secretary of Agriculture I noted with my pencil 16 points which the Secretary has made against the bill. I have no complaint, and only the best of feeling for the subcommittee which worked on the bill. The Senator from Idaho [Mr. POPE], the Senator from Kansas [Mr. MCGILL], and the Senator from North Dakota [Mr. FRAZIER], dealing with the wheat and corn provisions, were diligent and painstaking. They did their part well. The cotton subcommittee, headed by the able Senator from Alabama [Mr. BANKHEAD], and consisting of the Senator from Oklahoma [Mr. THOMAS], the Senator from Louisiana [Mr. ELLENDER], and the Senator from Mississippi [Mr. BILBO], worked with equal diligence and perseverance. They were seeking to ascertain what might be called the general theory and feeling of the farmers who came before the committee. But the pending bill, or some bill, had to be written by the committee, with the advice of the experts of the Department of Agriculture.

It will be up to the Secretary of Agriculture to administer any law on this subject which Congress may pass. It would be unfortunate if there should be sent to him a law which he thought he could not administer, and which he personally disliked, and which his experts found impracticable. Much could be said along this line, and if the debate shall continue I will amplify these remarks, but I do not wish to intrude unnecessarily upon the Senator from New York who has very kindly given me this opportunity.

In conclusion, Mr. President, this letter raises a parliamentary situation. It raises a practical question. Are we to follow the advice of the Secretary of Agriculture? If so, it cannot be done well and scientifically on the floor of the Senate. The bill must go back to the committee, in my judgment.

If we are to disregard the statements of the Secretary, then we can push forward and pass the bill, which, in my opinion, would meet a veto from the President for two reasons. In the first place, if enacted in its present form it would cost more money to carry out the law than the President said he would tolerate. Secondly, in my opinion, the President opposes the bill, because in a speech at Topeka, Kans., in his very famous and friendly trip to the West, he stated explicitly that he would have no bill that provided for coercion, that it must be voluntary as applied to the farmers of the country.

In view of the attitude of the President of the United States, in view of the attitude of the Secretary of Agriculture, and the universally acknowledged disapproval of the bill by the farm leaders, I appeal to the good judgment of the two very capable Senators in charge of the bill, should we not recommit the bill to the committee, and take our time to write a permanent law for agriculture? I submit the inquiry in the best of good faith, and with a desire to be helpful, if I may, in the handling of this important subject.

Mr. BYRNES and Mr. POPE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. COPELAND. Mr. President, I can well understand that this letter of the Secretary of Agriculture has cast confusion on the Senate, and if I do not lose the floor by yielding, I shall be glad to hear from the Senator from South Carolina.

Mr. SMITH. Mr. President, I wish to make a correction of a statement which, while I was absent from the Chamber, I was reported to have made, to the effect that the pending bill was not sent to the Department for report. It was sent for a report, and a report was furnished the committee. I merely desired to make this statement.

Mr. McNARY. Mr. President—

Mr. BYRNES. I understood the Senator from New York to yield to me.

The PRESIDING OFFICER. The Senator from New York yielded to the Senator from South Carolina.

Mr. BYRNES. Mr. President, I do not know the merits of many of the objections raised by the Secretary, but I am familiar with the section of the bill found on page 82 which deals with the so-called cotton-price adjustment, to which provision the Secretary objects. I must say to the Senator from Oregon that if the other comments of the Secretary are no sounder and no stronger than criticisms made of this section it certainly would never be necessary to send the bill back to the committee, as the Senator from Oregon has been urging.

I am convinced after reading the letter that the Secretary did not write the criticism to this particular section, that some subordinate wrote a memorandum which the Secretary adopted, and that he has not given careful consideration to this particular section. That is the only way in which I can explain the statements of the Secretary.

The section of the deficiency bill to which the Secretary refers provided for the payment of a price adjustment to cotton growers upon cotton sold in 1937, provided such cotton growers could show compliance with the cotton program adopted by the Congress for the next year, 1938. That was written having in contemplation that a program for cotton would be a voluntary program; that the payment of the subsidy upon cotton sold this fall would be withheld until next year; and that if the farmer could then show that he cooperated and complied he would receive the payment, otherwise he would not.

The pending bill, however, was drafted upon an entirely different principle, so far as the cotton grower was concerned. It is not a voluntary proposal; it is a compulsory proposal. The bill provides, on page 38:

Persons who knowingly sell cotton grown on acreage not included in an acreage allotment shall not be eligible for any payments under the Soil Conservation and Domestic Allotment Act nor under this title.

It further provides that any person purchasing cotton grown on acreage in excess of an allotment shall pay to the Government 75 percent of the value of the cotton.

Therefore, assuming, as we must, that the Senate bill is to be adopted, there would be no discretion on the part of any cotton grower in 1938 as to whether he would cooperate or not. He would have to cooperate. If he did not cooperate, he would not be eligible for any payments. Therefore it is useless to say to the farmer who sold his cotton last September or October, "You sold your cotton; you are entitled to this price adjustment, or subsidy. But we are going to make you wait until next October to see whether or not you violate the law which the Congress passed."

There could be nothing more absurd. All of the reasons for an incentive or inducement to cooperate were removed by the provisions in the bill that the farmer must cooperate or he cannot get anything under any appropriation or any provision of the bill.

The voluntary provision being removed, some members of the committee talked with me about amending the provision of the deficiency law so as to authorize the payments to the cotton growers who produced this year without forcing them to wait until next fall and requiring them to show that they did not violate the law.

There were removed from the Deficiency Appropriation Act only those words which required proof of compliance in 1938 with the program we now propose to adopt. Yet the Secretary says:

This would probably cause considerable dissatisfaction among those who have been cooperating in these programs.

What would they have to do with it? Every man has to cooperate under the provisions of the bill, or he cannot secure anything; and it certainly cannot cause dissatisfaction among any of those who cooperated voluntarily in the past along this line.

The Secretary then says in his letter:

A payment of 3 cents a pound on the entire 1937 crop would require \$270,000,000.

It would, Mr. President; but the section does not provide for that. Under no stretch of the imagination can the section be interpreted so to provide. The committee did not intend it. There is absolutely no change in the existing law except with respect to the one thing to which I have called attention, that proof of compliance with the compulsory program we now adopt would not be required. If the Secretary thinks the removal of this requirement as to 1938 compliance would increase the cost from \$130,000,000 to \$270,000,000, he must expect few farmers to comply with this compulsory program.

I am satisfied the Secretary did not have time to give consideration to it, or he never would have written the criticism of that particular section which is contained in his letter.

Mr. CONNALLY. Mr. President, will the Senator yield to me for a question?

Mr. BYRNES. I yield.

Mr. CONNALLY. Is it not true that the figures or estimates that were included in the deficiency bill were made by the Secretary and submitted here?

Mr. BYRNES. The Department officials estimated that amount would be available under section 32. As to the amount needed, a different condition then existed, cotton selling for more than 10 cents per pound. The Secretary has said and correctly said that under the language of the deficiency bill he is limited to the payment of \$65,000,000 per year. He is limited to it. That exact language is placed in and will be reenacted in this bill. If he has held heretofore that he was limited to \$65,000,000 per year, how he could construe the same language now to mean something else is more than I can understand. The identical language that he construed as meaning a limit of \$65,000,000 is in this bill.

He furthermore construed it as authorizing him to issue a regulation providing that the subsidy could not be paid to the farmers who planted cotton in 1937 except upon a 65-percent-base acreage. The same language is in this bill—the money limitation and authority to make regulations. Why he could not construe it the same way I do not know, and what excuse or justification there could be for putting in this letter the statement that this section would mean a possible increase to \$270,000,000 is more than I can understand.

I wish to call attention to one thing more, and that is with reference to the Secretary's reiteration of his demand for a processing tax. The Secretary called it by a new name—a tariff equalization tax. It is a processing tax.

Mr. President, in concluding my remarks, I ask to have read at the desk a copy of a letter I have written to the Secretary with reference to that tax.

The PRESIDING OFFICER. Without objection, the clerk will read.

The legislative clerk read as follows:

NOVEMBER 18, 1937.

HON. HENRY A. WALLACE,

Secretary of Agriculture, Washington, D. C.

DEAR MR. SECRETARY: Newspapers quote you as favoring a processing tax upon cotton and wheat to provide the revenue necessary to pay agricultural benefits.

The processing tax is a sales tax to be levied upon cotton and wheat in order to secure money to pay farmers engaged not only in the production of cotton and wheat but of tobacco, rice, and other commodities. The money received by the farmers as benefits would not be spent solely in the purchase of cotton and wheat products. That money would be spent for automobiles as well as for flour and clothes. If other industries are to benefit by the increased purchasing power of the farmers, I know of no reason why

cotton and wheat should be taxed in order to provide benefits for other industries. As all industries will benefit, all should bear the burden of raising the revenue.

When the processing tax is levied upon cotton, it must increase the price of cotton goods. When you increase the price of cotton goods, you lessen consumption. When you lessen consumption, you lessen demands for raw cotton and depress the price of cotton. The more you depress the price of raw cotton the greater subsidy you will have to pay to the farmers, and the increased subsidy will offset the revenue you raise.

When you tax wheat and cotton, you tax bread and breeches. You tax necessities and you lay the tax burden upon the poor instead of upon those best able to bear the burden. More cotton is used in the manufacture of coarse or cheaper cloth than is used in the manufacture of fine or high-priced cloth. The finer the goods, the less cotton used and, consequently, the less tax paid. In cheaper goods, such as overalls, more cotton is used. Therefore, more taxes are paid. All other sales taxes are levied in proportion to the cost of the article sold. The processing tax reverses this principle and levies the heavier tax upon the cheaper commodities.

The processing tax was levied upon cotton as it entered the mill. In the manufacture of goods there is a certain percentage of waste. The processing tax was paid upon that waste which never entered into the manufactured goods. When the manufacturer invoiced goods to the selling agent for sale, he included in the sale price the tax upon the cotton entering into the cloth sold but could not include the tax on the waste, which was a loss to the manufacturer.

The selling agent based his selling commission upon the value of the goods, which included the tax paid to the United States Government. His commission was added to the cost of the goods. The tax was pyramided in every transaction until it reached the consumer.

Unwise as I believe the processing tax to be, if it is to be levied, it should be levied as all other sales taxes are, at the time the goods are sold by the manufacturer, and should be based upon the value of the article sold. Certainly if a processing tax is levied upon cotton goods, a tax should also be levied upon such competitive fibers as rayon and silk. If it is not done, the cotton farmer as well as the cotton manufacturer will be seriously injured.

I believe that adequate funds for agricultural benefits can be secured without levying additional taxes. If, however, this should be found impossible, I will favor raising additional revenue in order to balance the Budget. I submit, however, that we should profit by our experience with the processing tax as it operated a few years ago and not reenact a tax which not only was difficult to administer, but unfair in the burdens it placed upon the taxpayer.

Very truly yours,

JAMES F. BYRNES.

Mr. GEORGE, Mr. POPE, and Mr. McNARY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. COPELAND. I yield first to the Senator from Georgia [Mr. GEORGE].

Mr. GEORGE. I merely wish to offer an amendment and ask that it lie on the table and be printed following the remarks of the Senator from South Carolina [Mr. BYRNES]. I should like to read the amendment:

Insert at the appropriate place in the bill the following new paragraph:

Notwithstanding any other provision of section 32 of Public Law Numbered 320, Seventy-fourth Congress, as amended, or any order, rule, or regulation of the Secretary of Agriculture, the price adjustment payment of not more than 3 cents per pound to the cotton producers with respect to the 1937 cotton crop shall be made at the earliest practicable time.

I wish merely to add, Mr. President, that this amendment seems to me to be in full harmony with the President's suggestions to the regular departments of the Government that they speed up their spending program and expand the money appropriated for the next fiscal year at the earliest practicable time within the first 6 months of that fiscal year.

Mr. President, I ask that the amendment be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. POPE and Mr. McNARY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. McNARY. I ask the Senator to yield to me in order that I may make a correction of a statement I just made.

Mr. COPELAND. Mr. President, I yield to the Senator from Oregon for that purpose.

Mr. McNARY. Mr. President, in a statement I made a few moments ago I said with assurance and positiveness that the Secretary of Agriculture had never made a report on this bill until today. To my astonishment, the Senator from South Carolina [Mr. SMITH] stated that a report had been made. He is either mistaken now or was mistaken heretofore, because when I was present in the committee he personally told me that the Secretary had never made a report. I inquired of the secretary of the committee, and he advised me that the Secretary of Agriculture made a statement at one time this fall or summer before the House committee on its bill. That report was conveyed to the Senator from Idaho [Mr. POPE], and that is the so-called "report."

I simply want to make this statement for the Record.

Mr. SMITH. Mr. President, I want to make the statement also that the Secretary of Agriculture informed the secretary of the committee, when he sent the bill to the committee, that he had made a report upon the House bill, and that that report would be considered as a report on the Senate bill.

Mr. McNARY. Mr. President, the statement of the Senator from South Carolina and the statement of the clerk of the committee verify my statement that there has been no report made by the Secretary of Agriculture on this bill save the one read this morning at the desk.

Mr. SMITH. Mr. President, will the Senator from New York yield to me to say one more word? Then I shall be through. I think we ought to set these matters at rest.

Mr. COPELAND. I yield to the Senator from South Carolina for that purpose.

Mr. SMITH. In addition to that, we invited the Secretary of Agriculture, and he came before the committee in person and testified as to this bill, which testimony was taken down stenographically and is a part of the record of the committee.

Mr. McNARY. Mr. President, will the Senator again yield?

Mr. COPELAND. I yield.

Mr. McNARY. The Secretary of Agriculture appeared before the committee in executive session, when the only persons present outside of members of the committee were members of the Farm Bureau Federation. His testimony was not taken down and reported, because I was present for a short time and have asked for the hearings since, and none has been given me.

Mr. SMITH. Mr. President, I had reference to the time in July when the bill was introduced. The Secretary of Agriculture then came down and testified at great length concerning it.

Mr. McNARY. Mr. President, I may add that that was before this bill was introduced in the Senate and prior to the time it was before the Senate Committee on Agriculture and Forestry.

Mr. SMITH. The Senator is correct about that.

Mr. McNARY. Exactly; I am correct about that.

Mr. COPELAND. Now, Mr. President—

Mr. POPE. Will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Idaho?

Mr. COPELAND. Perhaps I had better yield the floor if it is necessary to have a long debate on the Secretary's letter. I have already yielded for an hour. If the Senator from Idaho feels that he has been aggrieved in any way, and desires to speak for a few minutes, if I may yield without losing the floor, I shall do so; but this unimportant speech of mine is seething in my system, and I feel that I must make it pretty soon. However, I will yield to the Senator from Idaho, if I may do so without losing the floor.

Mr. POPE. Mr. President, since the letter was written to me, and frequent references have been made both to the letter and to myself, I felt I was not unreasonable in asking the Senator from New York to yield to me for a few minutes.

I call the attention of the Senate to the fact that there are certain suggestions made with reference to the corn and wheat features of the bill as well as to the cotton features

of the bill, but the last two or three pages of the Secretary's letter are devoted to a criticism of an amendment which was attached to the bill and which formed no part of the original bill. That is the amendment in title IX, "Cotton pool participation trust certificates." Those provisions were contained in a separate bill that was introduced in the Senate and passed by the Senate and went to the House of Representatives, but was not passed by that body. The Senator from South Carolina desired to attach it to this bill.

It has no connection whatever with the pending bill. A portion of the Secretary's letter has to do with that matter.

Now, with reference to the suggestions as to the corn features of this bill, let me say that every one of them was submitted to the Committee on Agriculture and considered by the committee. The first suggestion by the Secretary is that the normal supply level should be larger and in accordance with the provision in the original bill which the Senator from Kansas [Mr. McGill] and I introduced. The Agricultural Committee reduced the percentages of carry-over in connection with the normal supply level. The Secretary thinks those percentages should go back into the bill as they originally stood. Therefore, all we have to do in the Senate, since the Agricultural Committee has fully passed upon the matter, is to vote on the question of adopting the amendment of the committee.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. POPE. I yield.

Mr. CONNALLY. Let me ask the Senator, regardless of whether the Secretary came before the committee, as contended by some of the members of the committee, or did not appear, as contended by other eminent members of the committee, is it or not true that the committee and the members of the subcommittee, who have been drafting this bill, have been in almost constant conference with the Secretary and his subordinates?

Mr. POPE. Oh, yes.

Mr. CONNALLY. And that they have known his views all the time?

Mr. POPE. Yes.

Mr. CONNALLY. Then why the occasion for this letter to be handed out to the press and addressed to the Senator, when the Senator already was fully advised of all that was in the letter?

Mr. POPE. That is a matter that was determined by the Secretary himself. I understood that he desired to make plain his views to the public as well as to the Senate in connection with the bill. Heretofore subordinates of the Secretary appeared before the Agricultural Committee and even went so far as to submit to the committee amendments suggested by the Department. Those amendments were considered by the committee and passed upon and are found in the bill.

Mr. CONNALLY. If the Senator will yield once more, let me ask him a further question, and then I will abstain from detaining him. Is it or not true that the Committee on Agriculture and Forestry has already considered and passed upon the matters which the Secretary raises, with the exception, perhaps, of the last part of the letter about the 3-cent payment to cotton?

Mr. POPE. So far as corn and wheat and the main provisions of the bill are concerned, that is literally true. So far as some cotton provisions are concerned, that may or may not be true. I do not recall any comment by the Secretary or by his subordinates with reference to cotton. But as to corn and wheat, every suggestion contained in the letter of the Secretary was brought to the attention of the committee and considered by the committee.

Mr. McNARY. Mr. President, does the Senator think—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Oregon? The Senator from Idaho does not have the floor.

Mr. COPELAND. I yield to the Senator from Oregon to enable him to ask a question of the Senator from Idaho.

Mr. McNARY. Does the Senator from Idaho think that the tariff equalization tax is not a subject connected with the bill that we are now discussing?

Mr. POPE. Certainly so; that matter was mentioned in the committee; but the tariff provision went out of the bill. We refused to entertain a provision for a processing tax because it involved the raising of revenue and, therefore, it would not be appropriate to go into the Senate bill.

Mr. McNARY. Does the Senator now favor the tariff equalization tax, which is called the processing tax that we had in the old bill?

Mr. POPE. I do not see that that has anything in the world to do with the discussion of this measure. I myself am in favor of processing taxes, but I do not see that that has anything to do with this bill, because the Senate cannot consider that matter since it cannot originate a revenue-raising measure. That is why it is not in the bill.

Mr. McNARY. Does not the Secretary suggest that a provision of that kind must go in the bill in order to have it meet his approval?

Mr. POPE. He does not. He merely suggests it; he calls it to the attention of the Senate for them to consider; but the Senate is not a revenue-raising body. That further shows that it has nothing to do whatever with the bill; we would have no right to follow the Secretary's suggestion in that respect, and I do not think that he ever intended that we should.

Mr. McNARY. Then, the Senator intends to gloss over that part of the Secretary's criticism and not suggest a tariff equalization tax at this time?

Mr. POPE. Certainly not. I do not propose to offer an amendment to this bill to raise the revenue, when the Senate may not appropriately consider it. But I think it is entirely proper for the Secretary, in commenting upon the whole subject matter, to refer to processing taxes, if he desires to do so. However, the Senate need take no action with respect to the matter.

Mr. McNARY. Does the Senator believe, then, that we should defer action until the House provides the revenue?

Mr. POPE. Certainly not; I think we should proceed with this bill, and that, so far as the corn and wheat sections of the bill are concerned, all these matters now brought up by the Secretary, having been considered by the committee, can be fully and freely considered by the Senate; the committee amendments can be voted up or down, and we can proceed with the bill.

Mr. McNARY. Then, it is the purpose of the Senator from Idaho to offer amendments conformable to the suggestions of the Secretary of Agriculture?

Mr. POPE. I will say to the Senator that so far as the matter has been discussed, no amendments are necessary to be offered, because the original bill contained the matter which the Secretary favors, but there was an amendment adopted by the committee which changes that, and that amendment should be voted upon. In that way it will be disposed of without any amendment being submitted.

Mr. McNARY. I have difficulty in the references to so many additions to this bill. The measure to which the Senator now refers is what is known as the Pope-McGill bill?

Mr. POPE. Yes.

Mr. McNARY. I am talking about the unfinished business, the pending bill. The provision referred to is not in this bill.

Mr. POPE. I will call the attention of the Senator to page 17 of the bill, which deals with the matter of normal supply as to wheat, in lines 6, 7, and 8, and as to corn in lines 9, 10, and 11.

Mr. McNARY. I know about that.

Mr. POPE. Those lines constitute the original provisions in the bill now before the Senate, but they have been stricken out, and on page 67 are amendments substituting different percentages. All we need to do is to vote on it.

Mr. McNARY. Of course, that is all we have to do in any case, to vote on it; otherwise we do not function; I realize

that. Then the Senator is going to offer some amendments to conform to the letter of the Secretary of Agriculture?

Mr. POPE. I did not say that I wished to offer any amendments. I merely made the statement that no amendments were necessary with reference to this matter.

Mr. COPELAND. Mr. President, in the interest of peace, I decline to yield further.

The PRESIDING OFFICER. The Senator from New York declines to yield.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. COPELAND. For what purpose?

Mr. FRAZIER. I hold in my hand the report from the Treasury Department, Bureau of Internal Revenue, being an analysis of the effect of the processing taxes levied under the Agricultural Adjustment Act. It has been prepared by the Bureau of Agricultural Economics of the United States Department of Agriculture. I simply wish to suggest to any Member of the Senate who wants to put processing taxes back in this bill that he procure a copy of this pamphlet and read it.

Mr. COPELAND. Mr. President, it is very apparent, from what we have heard this morning, that the value of the pending measure is speculative, and, in all probability, it will afford no real benefit to the farmers. I know it will not be useful to those in my section.

I dare say discussion is a work of supererogation because in the nature of things the bill is sure to be recommitted. It should be, but even if we do not hear of a formal meeting of the Committee on Agriculture and Forestry, there certainly will be informal sessions all the rest of the day. The Secretary's letter is a bombshell.

I wish the legislative situation were such that we were permitted to consider a matter of real importance to the country. I refer to a revision of the capital gains tax and the undistributed profits tax.

Let me say in all seriousness that the business world is facing a great crisis. In consequence of that crisis in the business world the country is facing one. Whether we are sympathetic with business or unsympathetic, the fact remains that we have before us a serious problem, a problem far more serious than the question of the particular farm bill now under consideration.

If Senators could listen to the people who live where I live, persons who speak frankly to me because of our friendship, if Senators could hear what is poured into my ears, I am confident the Senate would be devoting itself right now to some way of making peace between the administration and the business world. This must be done in order that there may be a recovery of activity in the business world and in the industrial world; with that recovery would come very shortly, as I view it, reemployment and an end of unemployment.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Idaho?

Mr. COPELAND. I yield.

Mr. BORAH. Admitting the question of revision of taxes is an important one, nevertheless does the Senator and his friends believe that a repeal of the undistributed profits tax would restore business to a condition of fair prosperity?

Mr. COPELAND. No. If I gave that impression, I gave the wrong impression. That is only a part of it. There are other points, of course. The Senator from Idaho has read about the visit of a great utility man to the White House. I do not know that man. He means nothing to me, personally. But in the presentment of his views he submitted a formula which in my humble opinion would do much to restore prosperity. I know many Senators would take the opposite view with regard to the death penalty in the utilities law and other matters which he discussed. They make sense to me; at least to my way of thinking they are entitled to serious consideration, and immediately.

The point I am seeking to make is that we are facing a great crisis and we cannot afford to sit silent and inactive at a time when something should be done. I do not say that in the sense that my old friend Dr. Frank Crane used to say,

"There are too many 'God-sakers' in the world—those who say, 'For God's sake, why don't you do something?'" Perhaps I am a "God-saker," but I believe we are facing a crisis and I would not be honest with my fellow Senators and with my country if I did not speak frankly as I am seeking to do now.

I have before me the November 24 weekly review of business conditions prepared by the Division of Economic Research, Bureau of Foreign and Domestic Commerce. I look at this publication every week. I have not been cheered by the chart which appears on the front page week by week. Let us see what it is this week.

The line indicating "industrial activities" has been going down and down and down until now it is not only below the 1936 level, but below the 1935 level, and still on the way down. That does not speak well for the future of our country.

The line indicating the "steel ingot production" looks like the decline of an epidemic or a reversal of the figures of an epidemic in process. Steel ingot production dropped from 140 at the beginning of the year to 60 at the present time. The production of steel ingots is important in the construction of buildings and of heavy machinery.

In the matter of carloadings—

Mr. ELLENDER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Louisiana?

Mr. COPELAND. I yield.

Mr. ELLENDER. Has the Senator the figures to show how much the undistributed-profits tax and the capital-gains tax are under the present tax system?

Mr. COPELAND. No, I have no figures. I am not speaking by the card and of my own knowledge. I am speaking about conclusions which are reached by men in whom I have confidence.

Mr. ELLENDER. Is it the Senator's view to amend the bill—

Mr. COPELAND. The pending farm bill?

Mr. ELLENDER. No, I mean the general revenue bill. Should it be so amended as to do away with those taxes without finding some other means of replacing them?

Mr. COPELAND. No. I have no doubt that at this very moment our Committee on Finance are studying the problem and will present some plan which will make provision for other means of revenue, if other revenue is needed in the event we do away with these particular taxes. The point I am trying to make is that there is a war on between the administration in Washington and the business world.

Mr. ELLENDER. What business world? Does he mean that big business is challenging the administration? Does the Senator mean New York corporations?

Mr. COPELAND. Yes; New York corporations, Louisiana corporations, and all corporations. I may say to the Senator that I am not going to stand here now and waste the time of the Senate in making a defense of New York corporations. I am no more interested in New York corporations than I am in other corporations. I am not interested in the corporations as such. I am interested in all corporations as employers of labor and in the distribution of wages, which will bring prosperity to all classes of our people. Let not the Senator think I am representing Wall Street. I do not represent anything in New York City below Seventeenth Street.

Mr. ELLENDER. I did not intend to convey that idea at all, but the other day I remarked to the Senate that I thought the reason why we have a depressed market at this time is because the farmers of the country are not getting enough for their products. I may further add that all of the soldiers' bonus money has been spent, and the P. W. A. and W. P. A. are not as active, in that less money is being spent. The record of the committee hearings which is before us now will show that in Springfield, Ill., we were told that because the price of corn dropped from \$1.10 to 40 cents a bushel some big steel factory out there making hog wire and poultry wire actually reduced its labor forces 33 1/3 percent.

It is my view that if the corn prices had remained as they were in September, if the wheat prices had remained as they were in July, if the cotton and rice prices had remained as they were in May and June, the condition about which the Senator is now complaining would not exist. I do not see how we will improve conditions by striking from the present tax system the undistributed-profits taxes and the capital-gains taxes. I grant that some adjustment may be necessary. It may be that a certain portion of the profits should be exempted from the tax, conditioned on its being spent for additions and improvements. As I stated a few days ago, I believe the root of the evil lies in the unfortunate financial condition of the farmer, and that if we can increase his buying power, that will solve the problem.

I may further state that the newspapers of the country have been carrying on a campaign for tax reductions. They complain the taxes are too burdensome and that business demands a reduction. I will read a few of the headlines appearing in some of the papers:

WASHINGTON POST

"Glass Suggests Excess Profits Levy Repeal," November 3.
 "Business and Relief Given Right of Way by Roosevelt and Aides," November 9.
 "Tax Relief Proposals in Extra Session Gain House, Senate Support," November 13.
 "Aid Business Battle Cry of Arrivals for Extra Session," November 14.
 "Tax Relief Cry Grows," November 15.
 "Senators Ask Tax Relief Riders on Revenue Bill to Avert Delay," November 16.
 "Adams Moves Tax Cut," November 17.
 "Help Business First, Bailey Asks Congress," November 18.
 "Senate Majority Backs Profit Tax Reduction," November 18.
 "Concessions Granted in Tax Revision Drive," November 20.
 "Trade Slump Broadens Rift of Congress and New Deal," November 21.
 "House Won't Free Tax Aid Bill Until Roosevelt Asks For It," November 26.
 "Congress Can Vote Tax Relief at any Time, Roosevelt Says," November 27.
 "Harrison Scores Business Tax," November 30.
 "U. S. Asked to Help Railroads Meet Worst Financial Crisis," November 30.

NEW YORK SUN

"House Group Considers Easing Tax Burden on Small Business," November 12.
 "President Urges Tax Modification Especially to Aid Small Business," November 15.
 "House Body Tentatively Cuts Capital Gains and Losses Tax," November 17.
 "Surplus Tax Repeal Drive On in Senate," November 18.
 "Plans Bigger Exemptions in Surplus Levy," November 19.
 "More Than a Third of Senate Demands Surplus Tax Repeal," November 20.
 "Roosevelt Advocates Tax Revision Just as Soon as Congress Is Ready," November 26.

CHICAGO DAILY TRIBUNE

"Congress Ready to Aid Business Recovery," November 15.
 "Demands Grow for Tax Change to Aid Business," November 19.
 "Leaders Rebel on Demand to Delay Tax Cut," November 24.
 "Congress Swings to Tax Cut," November 25.

NEW YORK JOURNAL-AMERICAN

"Tax Reform Proposed by President," November 15.
 "Plan to Help Trade Gains in Congress," November 18.
 "Senate Chief Pledges Tax Relief," November 19.
 "Thirty-five Senators Favor Profit Tax Repeal," November 20.

WASHINGTON TIMES

"President Outlines His Plan to Aid Industry," November 12.
 "President Asks Aid For Small Business Man," November 15.
 "Tax Relief Speeded For Small Firms," November 15.
 "New Tax Program to Aid Business Completed," November 23.
 "Drive to Help Business Upsets Session Plans," November 24.
 "Tax Revision Plan Grows in Congress," November 25.
 "President Reveals New Plans to Aid Business," November 26.

Search all you may and you will find nothing encouraging for the farmers. On the contrary we find headlines like this: "Leaders in Both Parties Assail Crop Coercion," "G. O. P. Leaders Warn of Crop-Control Peril," "Forced Control of Crops Scored in West," "Senate Gets Drastic Farm Act."

Mr. COPELAND. Mr. President, without continuing this particular discussion, I wish now to state that before I get through I shall show that the buying power of the farmers of the United States is greater at this time than it has been at any time since 1929.

Mr. ELLENDER. Has the Senator the figures?

Mr. COPELAND. Yes; I have the figures from the Department.

Mr. ELLENDER. I wish the Senator would put them in the Record.

Mr. COPELAND. Before I get through I shall do so.

Mr. ELLENDER. All right.

Mr. COPELAND. Mr. President, before I was diverted by this interesting discussion with the Senator from Louisiana I was reading from the report of the Department of Commerce, and I wish to continue the reading. I had just gotten to carloadings.

Carloadings in the early part of the present year showed a very satisfactory increase over those of last year and a material increase over those of the year before. At the present moment the car loadings are away below those of 1936 and below those of 1935, indicating, of course, that the carriage of freight is decreasing. Why should it not be? The shelves of all our retailers are empty. The wholesalers are making no sales to the retailers. Products are not moving. I suppose the Senator from Louisiana will say that that is because agriculture is so distressed that agricultural products cannot move.

Mr. ELLENDER. Mr. President, certainly the buying power of the farmer has been reduced. We have in the hearings, for instance, reference to cases in which any number of farmers contracted to buy certain merchandise, expecting to get good prices for their corn and for their wheat, and when they sold these commodities they sold at a loss and could not pay for or buy what they needed.

Mr. COPELAND. Mr. President, to continue my discussion, wholesale prices have declined. We shall not be sorry about that; but they are now down to the level of year before last.

I have already spoken about steel-mill activity being reduced. Bituminous-coal production is very much lessened; and, so far as I can see, there is every evidence that the business world is in real distress.

Coming now to the pending bill itself, I am convinced by what I have learned today, if I had not thought so before, that the bill is immature, incomplete, imperfect, unsatisfactory to everybody, worthless in ever particular so far as I can find, and even a layman would know that it is unconstitutional. If we can delegate to two-thirds of the farmers of the United States our power of legislation, we might just as well adjourn Congress and leave it to the farmers or some other group to legislate for us. Even with the present personnel of the Supreme Court I think all nine of its members would vote that this bill is unconstitutional.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. CONNALLY. Since the Senator is discussing the constitutional aspects of the measure, I will ask him whether or not he recognizes a familiar principle of constitutional law which has been upheld by the Supreme Court a number of times—that Congress, in passing an act or provisions of an act which comes into effect upon the happening or the nonhappening of some event or some condition, is not delegating legislative power?

Mr. COPELAND. I am familiar with that principle. It would, of course, be absurd for me to discuss the constitutional question with the able lawyer from Texas.

Mr. CONNALLY. The Senator from Texas makes no pretension to being a constitutional lawyer; but since the Senator from New York has said that even a layman would know that this bill is unconstitutional in that respect, the Senator from Texas is appearing now merely as a layman. Even as a layman the Senator from Texas has read a few decisions of the Supreme Court on the delegation of legislative power, and the Senator from Texas is against any unconstitutional delegation of power; but any law that Congress passes, in the final analysis, is a law that depends upon the happening of some future event. We pass a law providing that if and when a man steals an automobile in New York and transports it down to my State and sells it to our

innocent purchasers, he shall be guilty of violation of the law. That is dependent upon the happening of those events.

Mr. BORAH rose.

Mr. CONNALLY. If I had the floor, I should be glad to yield to the Senator from Idaho. The Senator from New York [Mr. COPELAND] has the floor.

The PRESIDING OFFICER. The Senator from New York has the floor. Does he yield to the Senator from Idaho?

Mr. CONNALLY. I hope the Senator from New York will yield to the Senator from Idaho, because the Senator from Texas wants to hear the best authority in the Senate on the constitutional aspects of this bill.

Mr. COPELAND. I also should be glad to hear from the Senator from Idaho on that subject, if he cares to give his views regarding it.

Mr. BORAH. Mr. President, I was simply about to say that my understanding is that only a portion of this bill is dependent upon what is called the popular vote of the farmers for putting into effect the program.

Mr. COPELAND. Does the Senator from Idaho consider that leaving that matter to a group of the farmers who are interested or in opposition to it is a constitutional procedure?

Mr. BORAH. I recognize the principle stated by the Senator from Texas, that an act may be passed depending for its taking effect upon the happening of certain events. There are some features about the question of popular vote in this bill which I desire to discuss later.

Mr. COPELAND. I take the Senator's statement to mean, then, that he himself is in serious doubt with regard to the constitutionality of certain features of the bill. I shall be glad to hear him discuss that subject, because whenever he discusses any problem it is a matter of great interest to the Senate.

Mr. President, no one can question that the farmers of America have suffered and suffered greatly. They have faced great economic distress. To a degree far less than the maximum, as I view it, they are still in distress; and, as I view the matter, it is proper, too, that the Congress should study their problems to determine their magnitude. They may consider, too, proposals for improving the situation of the farmers, provided the accepted program for agriculture, or sections of agriculture, does not impose unbearable burdens on all other branches of agriculture and on great social groups of our country.

There is not any doubt that this bill does impose great hardships upon certain groups of farmers who will not conform to the act, as I shall later show; and I know that the bill imposes great hardships upon the consumers of America.

I live in a city of 7,000,000 persons. We are at the same time the richest and the poorest city in the world. Between Fifth Avenue and the East River, a distance of half a mile, that half mile marks the difference between great wealth and abject poverty. Just as sure as fate, this bill will increase the cost of the products consumed by the poor, as well as by those who are well-to-do. In short, it will impose burdens upon the whole country.

In the last analysis, the economic fate of a country depends on the purchasing power of the consumer. I do not think that statement will be doubted by anyone here. If prices are too high, or the ability of the consumer to pay is too low, there must be stagnation of business. Unless and until the proposed farm legislation takes into consideration the ability of the consumer to purchase, it is a waste of time and effort to adopt any given program. The law must prove a failure, as well as creating conditions worse than those which now exist. At the very best it would be quite unlikely to prove satisfactory to anybody.

In a colloquy I had the other day with the Senator from Idaho [Mr. POPE], who was arguing then—as he has done very ably all through this debate—in favor of this legislation, he spoke about the Soil Conservation Act. His language was:

Last year we were going along quite comfortably with the Soil Conservation Act, but this year we find a situation which is not met by the Soil Conservation Act, which the farmers believe—and

I think anyone who has studied the situation believes—does require legislation.

We had just exactly as enthusiastic support from the Senator from Idaho 2 years ago for the Soil Conservation Act as we now have for this bill. He was very sure then that that act would solve the problem of the farmer; but it did not, so he says, and further legislation is needed.

I wonder if anyone can really tell in advance what will be the effect of any legislative act which seeks to evade natural law, the economic law of supply and demand. Of course, it is conceivable, but any candid student of the subject must be reserved in his prophecy. Enthusiasm for the Soil Conservation Act and its possible accomplishments was, as I recall, just as great as that which is demonstrated over the present bill. I heard Senators who are now here speak with enthusiasm of it.

Before we enter upon an entirely different approach to farm prosperity, is it not wise to consider ways and means to improve the Soil Conservation Act? It may be said that that is the real intention of the pending measure. Of course, however, this bill goes far beyond that act; and I wonder, Mr. President, if the farmers really are conversant with the bill before us, and, if they are conversant, if they really approve its terms. Beyond all classes of people, the farmer is individualistic; he is an independent, self-reliant person, minding his own business and wanting other people to mind theirs.

Mr. President, where did this bill originate? A few days ago I heard the Senator from Oregon [Mr. McNARY] say that the American Farm Bureau Federation thought up the measure. I decided to find what the farmers in my section believed about the bill. So I took pains to communicate with the editors of our farm journals, and I have here a telegram from Mr. John J. Dillon, a very highly respected citizen of New York, who has been known through a long lifetime as a great friend of the farmer. As editor of the Rural New Yorker, his influence has reached out to every farm home in my State and in the whole Northeast. He says:

I believe, with you, that farm bill is a peril to dairy industry. Advise opposition.

I communicated with the editor of the American Agriculturist, the farm journal which was owned originally by Mr. Morgenthau, the present Secretary of the Treasury. I ask permission to have printed in its entirety the letter I received from him.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN AGRICULTURIST,
Ithaca, N. Y., November 27, 1937.

Senator ROYAL S. COPELAND,
United States Senate, Washington, D. C.

DEAR SENATOR COPELAND: I was pleased to have your telegram relative to the pending farm bill, and wired you as follows:

"Farmers of Northeast emphatically opposed to Government crop control. Hope you will fight bill. Letter follows."

There are some relatively small groups of farmers, like the potato growers of Aroostook County, who apparently are interested in Government crop regulation. Such groups have their business on an uneconomic basis and are unable to make out on their own initiative because of lack of diversification.

The great majority of northeastern farmers, however, are unalterably opposed to most forms of Government regulation of the farm business, and particularly to anything in the nature of crop control. As you know, more than 50 percent of our farmers in this section are dairymen, from 15 to 20 percent more are poultrymen. Both of these groups have suffered grievously from Government crop control. The policy of making things scarce combined with the drought has nearly ruined thousands of dairymen and poultrymen, because their chief item of cost is feed. What makes them particularly angry is that they have been obliged to purchase thousands of tons of imported grains because the Government policy was largely responsible for a shortage of domestic grains in what had formerly been the greatest grain-producing country in the world.

But northeastern farmer opposition to Government regimentation is founded on an even greater principle than the selfish one of increased costs within their own business. These Yankee farmers simply don't believe in centralization of such great powers in the Federal Government that must necessarily follow any real crop-control plan. They know that it is impossible to control wheat or

cotton without eventually controlling everything else. That means the loss of personal initiative and the liberty which has been held the mainspring of our American Republic. Opposition in the Northeast to Government crop control is also based on the common-sense fact that it is impossible to exercise any degree of practical control over crops as long as it is impossible to control the weather.

From the beginning of the Triple A scheme, American Agriculturist, with its circulation of nearly 200,000 farm families in New York, New Jersey, and New England, has tried to set the common-sense principles before our readers as opposed to Government centralization and farm regimentation. I wish it were possible for you to read the thousands of letters from farmers commenting vigorously and emphatically against crop control and other new Federal bills and laws bearing on agriculture.

I am taking the liberty of sending you, under separate cover, a few marked copies of various issues of American Agriculturist, showing some of the work that we have done to acquaint our readers with the facts and principles involved in proposed schemes to regulate agriculture.

May I take this opportunity also of expressing my very keen appreciation for your own splendid attitude in opposing the scheme to pack the Supreme Court, and in upholding and safeguarding the fundamental principles that have helped to make this country great. If it were possible for you to visit northeastern farm homes, you would find a very warm welcome in thousands of them for the splendid service you have rendered along these lines, both to agriculture and to the country. Keep up the good work.

Sincerely yours,

E. R. EASTMAN.

Mr. COPELAND. In the letter Mr. Eastman says there are relatively small groups of farmers in the Northeast who are interested in Government crop regulation. He says, however:

The great majority of northeastern farmers are unalterably opposed to most forms of Government regulation of the farm business, and particularly to anything in the nature of crop control. As you know, more than 50 percent of our farmers in this section are dairymen; from 15 or 20 percent more are poultrymen. Both of these groups have suffered grievously from Government crop control. The policy of making things scarce combined with the drought has nearly ruined thousands of dairymen and poultrymen, because their chief item of cost is feed.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. COPELAND. I yield.

Mr. CONNALLY. Do the dairy people prefer to raise their own feed, or are they really consumers of the farmers' products? If they devote their energies to the development of their cattle, and buy their feed from the farmers, of course, being consumers in that respect, they naturally would want the farm products to be cheap, would they not?

Mr. COPELAND. I had intended later to speak of that, but I will do so now.

Mr. CONNALLY. I beg the Senator's pardon; I was prompted to make the inquiry by the letter the Senator was reading right on that point.

Mr. COPELAND. That is all right; it is proper for the Senator to speak of it.

There are 70,000 dairy farmers in New York State. They raise milk largely for the New York City market, where the consumption is between three and four million quarts a day. Much of that milk comes from large dairy farms, where there are herds of from fifty to one hundred and fifty cattle. Those farmers produce the corn for their cattle. They fill their silos with the corn raised on their own farms. Many families I know of have done that for several generations.

If the pending bill shall be enacted it will mean, not alone that the acreage devoted to the raising of corn in Kansas will be reduced, but that the acreage devoted to raising corn in New York will be reduced. In consequence these farmers who are set for a given production of milk and the care of a herd of a certain size, will be required to go on to the market to buy feed at a price advanced by reason of the enactment of the proposed law.

Mr. President, the market which supplies New York City with milk is much wider than the State of New York. The milk comes from seven States and from the Dominion of Canada. The great eastern milkshed supplies New York and Boston and the smaller cities. So what I am saying applies just as much to New Jersey and to all of New England as to the State of New York. I dare say it would apply to a great

extent in Pennsylvania, and probably in Ohio and Michigan, and surely in Wisconsin, with its great dairy interests.

These dairy farmers anticipate what will happen as a result of the proposed legislation, and as a result of the language in the bill as it is now presented. The Senator from Vermont [Mr. AUSTIN] and I presented amendments to correct these anticipated evils, amendments which we hope may be adopted, though we are not very confident of it.

Our dairymen anticipate that when the acreage of corn and wheat shall be reduced there will be dairy development on these vacated acres. I can think of no better use that might be made of so-called waste land, or land not to be cultivated, than to use it for grazing purposes. For this reason, just as sure as fate, there will be developed all over this country new dairy herds and an increase in the dairy industry, to the detriment of those farmers who are dependent wholly upon livestock raising, as well as the sale of milk. The same argument I have used with reference to milk applies also to eggs.

Mr. POPE. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. POPE. I may say that the farmers of New England who appeared at the hearing in New York City expressed the same fear, or some of them did, which the Senator now expresses, and they were asked the question as to whether or not under the Agricultural Adjustment Act, under which there was a reduction of acreage much the same as there would be under the proposed law, there was any such effect as the Senator fears. Every one of them said that there was not, but that they thought it might happen in the future, and, therefore, they wanted to call it to our attention. I think that every dairyman and poultryman who appeared was asked the question as to whether or not they have been damaged in any way through any of the reduction programs we have had in the past, if in any way their fears had been realized. They said they had not, but that they feared that in the long run they might be harmed. I call that to the attention of the Senator, and ask him if he knows of a single instance where a dairyman or a poultryman was actually damaged under any of the preceding programs in the way he now fears with reference to this program.

Mr. COPELAND. Mr. President, being of Yankee descent, I wish to ask the Senator a question. Has the transcript of the hearings of the New York meeting of the committee been printed?

Mr. POPE. I am advised that it is printed. I was looking on the desk at certain printed hearings. The clerk of the committee told me 2 or 3 days ago that the hearings would be printed, but I have not yet seen them.

Mr. COPELAND. I have not been able to find them, and I want to know the name of any dairyman from my State or from the Northeast who appeared before the committee and said that this bill is a harmless bill.

Mr. ELLENDER. Mr. President, will the Senator from New York yield to me?

Mr. COPELAND. I yield.

Mr. ELLENDER. I cannot quite follow the argument of the Senator from New York.

Mr. COPELAND. The Senator may not follow the argument, but if this bill shall be enacted the Senator will find that plenty of his constituents are developing the dairy industry, and he can understand that.

Mr. BANKHEAD. Mr. President, I may say to the Senator that if the bill is not enacted they will go into the dairy business, because they will have to go out of cotton raising.

Mr. ELLENDER. The Senator from New York stated that if the bill is enacted it will increase the consumers' cost of living. He also argues that if the bill is enacted it is going to increase the number of dairies in the South, which will compete with New York dairymen and cause them to sell cheaper milk. Which does the Senator want to defend? Which would he rather help—the dairymen of New York or the consumers of New York?

Mr. COPELAND. I want to help both, if I can.

Mr. ELLENDER. How is that possible, under the conditions the Senator has just outlined?

Mr. COPELAND. We will see.

Mr. ELLENDER. The Senator starts out by saying that the bill is going to increase the cost to the consumer, and in the next breath he says the dairymen in New York are going to have competition from the South because the farmers of the South might put their diverted acres into dairying. If the South does put its diverted acres into dairying, will that not have a tendency to make the price of milk to the consumers in New York go down?

Mr. COPELAND. No; it will not. The Senator from Louisiana does not know quite as much about the transportation of milk perhaps as does the Senator from New York. The constituents of the Senator from Louisiana will not be sending their milk to New York. The Senator need not worry about that, and I am not worrying. Louisiana is too far away to supply our market to its advantage or to the detriment of the dairy industry of New York. The Senator's constituents will be sending milk into New Orleans. However, that is a battle which concerns the Senator from Louisiana. In making this argument I am not speaking alone about the dairy farmer. I am speaking also about those men who raise cattle for sale. They are bound to suffer because of the competition from the Senator's State.

Mr. ELLENDER. I do not agree with the Senator from New York. Under our modern refrigeration methods milk can be shipped all over the country.

With reference to the raising of cattle for sale, it is my contention that the same conditions will apply. Certainly if more cattle are raised, that will cause the price of meat to lower and the consumers will pay less.

Mr. COPELAND. Mr. President, as I said a few minutes ago, the Senator from Oregon [Mr. McNARY] said the American Farm Bureau Federation promoted this bill. I desire to read a few paragraphs from an article by H. E. Babcock, published in the American Agriculturist of November 20, 1937:

The renewed granting of corn and cotton loans by the Government this fall has greater political and economic significance than is generally appreciated.

Politically it means that southern and Midwest agricultural interests are still in the saddle in Washington. For example, the committee which called on the President and persuaded him to make the corn loan were Ed O'Neal, of Alabama, president of the American Farm Bureau Federation; Earl Smith, of Illinois, vice president of the American Farm Bureau Federation; and Clifford Gregory, formerly of the Prairie Farmer and now with Wallace's Farmer.

It may be interesting to northeastern members of the American Farm Bureau Federation to reflect that they contributed, through their American Farm Bureau Federation dues, to the payment of at least part of O'Neal's and Smith's expenses in their successful drive for a corn loan.

The following appears in italics by the writer:

This amounts to northeastern farmers taxing themselves with the expense of raising the prices they will have to pay for cow and hen feed.

The article continues:

The economic significance of the loan also is clear and not generally appreciated, particularly in the Northeast. Coming on the heels of several other such annual loans, it means that as long as the present administration is in power, poultrymen and dairymen will never be permitted the full benefit in their feed buying of a big grain crop, while they will always have to pay the high prices which are a result of successfully constricted acreage or of a poor growing season.

So the charge is made in this journal, confirmatory of what the Senator from Oregon has said, and what other Senators have said, that the American Farm Bureau Federation is responsible for this bill. My State did not approve or vote for this measure. I read from the American Agriculturist:

The voting delegates from this State to the American Farm Bureau Federation meeting were advised to register New York State's vote against crop control.

I have before me a telegram from the Dairymen's League of Chautauqua County. Chautauqua County, as the Senator

now in the chair knows, is a county in the western part of New York State, in beautiful rolling country. It is a great farm country. The county is devoted almost exclusively to farming. The telegram is as follows:

JAMESTOWN, N. Y., December 1, 1937.

HON. ROYAL S. COPELAND,

Senate Office Building, Washington, D. C.:

As director of Dairymen's League, representing 800 members in Chautauqua County, N. Y., I urgently ask your support of Senator McNARY's amendment to national farm bill protecting livestock farmers against diversion of acreage from staple controlled crops to production of dairy and livestock products.

EMERY M. GROUT.

I wish to read another telegram from the acting secretary of the Dairymen's League of Orange County, as follows:

MIDDLETOWN, CONN., November 30, 1937.

Senator ROYAL S. COPELAND,

Senate Chamber:

Meeting, Dairymen's League, Orange County subdistrict, last night. Following resolution adopted: That you be urged to support Senator McNARY's amendment to farm bill protecting dairymen against unlimited use of diverted acreage.

R. S. ACKERLY, Acting Secretary.

I received the following letter from Arthur J. Smith, president, Wyoming County Farm and Home Bureau Association:

GAINESVILLE, N. Y., November 27, 1937.

Senator ROYAL S. COPELAND,

Washington, D. C.

DEAR SIR: Enclosed are two resolutions unanimously passed by 500 members of the Wyoming County (New York State) Farm and Home Bureau Association at the annual meeting of the association November 17.

One pertains to the Black-Connery wage and hour bill and the other to crop regulation.

Respectfully yours,

ARTHUR J. SMITH, President,

Wyoming County Farm and Home Bureau Association.

The resolution is as follows:

Resolved, That the Wyoming County Farm and Home Bureau Association is opposed to crop regulation in any form and affirm their faith and belief in the ability of the American farmer to regulate his own business.

In the American Agriculturist of September 25, 1937, a writer said about the conference which was held here:

This morning's paper carries a headline to the effect that representatives of all of the States of the Union met in Washington yesterday and agreed with Secretary Wallace on a crop-control program.

I don't know who represented my State at this conference. I do not even know that it was represented. Of one thing I am certain, however: It is that I have delegated to no one any authority to represent me in making any such commitment.

So, one after the other of the farmers and farm organizations of my part of the country have said, "No, we do not want the bill."

Here is a very interesting statement which I ask to have printed in the RECORD. Speaking before the New York Herald Tribune Forum in New York City on October 5, 1937, Secretary Wallace defended his ever-normal-granary plan. On the same platform with Secretary Wallace was Mr. Wheeler McMillan, editor of the County Home Magazine, who answered Mr. Wallace on his ever-normal-granary plan. The article in the American Agriculturist of October 23, 1937, says:

Mr. McMillan pointed out that storage charges on wheat, including the depreciation over several fat years, would mean more sometimes than the original value of the wheat. Easily enough filled," said Mr. McMillan, "the granary will empty most reluctantly. No one will want this stored wheat out on the market at any time."

I ask that the article containing Mr. McMillan's statement, printed in the American Agriculturist of October 23, 1937, be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed, as follows:

On same platform with Secretary Wallace, Mr. Wheeler McMillan, editor of the Country Home magazine, answered Mr. Wallace on his ever-normal-granary plan.

"Depression," said Mr. McMillan, "and not stabilization will be the result of this plan. Application of the plan would make little difference to the consumer, while the farmer would find himself

destitute if the Government granaries were opened with artificially lowered prices in a year when the soil had produced little. There are factors which not even Washington can manage. Acreage may be controllable but productive capacity is not. Unless we can be assured of ever-normal weather, ever-normal bugs, ever-normal plant disease, and ever-normal demand, and particularly an ever-normal political pressure, there may be expected some imperfections in Government production control for agriculture.

"We have already learned at least once that this scheme doesn't work. The fact that a surplus is stored, especially if stored in the hands of Government agencies, whose day-to-day actions are unpredictable, does not remove its effects from the behavior of prices. Moreover, all the products considered in this plan are dealt with in world trade. Their prices are determined not by domestic supplies and surpluses but world supply and demand. Storage of domestic surplus under Government auspices can therefore only upset the normal movement into consumption."

Mr. McMillan pointed out that storage charges on wheat, including the depreciation over several fat years, would mean more sometimes than the original value of the wheat. "Easily enough filled," said Mr. McMillan, "the granary will empty most reluctantly. No one will want this stored wheat out on the market at any time."

Pointing out that the plan would not be limited to the crops with which it was started, McMillan said that in time there would be ever-normal granaries of mushrooms and spinach. "The ever-normal-granary plan includes a compound of the worst blunders of the Federal Farm Board and the primary mistakes of the A. A. A."

Mr. COPELAND. One thing I worried about as I read the bill was to satisfy myself that when the price reaches parity the granary would actually be broken open. It would take a lot of courage on the part of the Secretary of Agriculture in the face of the appeals of farmers who are receiving a tremendous price—it would take a lot of bravery on his part actually to open the granary and let this stored grain fall out to depress the market.

The last quotation I wish to present is from the American Agriculturist of the issue of August 14. It is as follows:

Centralization of power in Federal Government to control crops means permanent loss of liberty on the part of farmers to run their own business. Furthermore, crop control is impossible without weather control. Agriculture is just getting over disastrous effects of crop control under the A. A. A. What farmers most need is a good letting alone by politicians.

Now, Mr. President, I come to another matter. I want to know how the farmers of America feel about the legal provisions of this bill, about the penalties proposed by the bill. How cheerfully are the farmers of America going to accept the inspection, the snooping, and the domination of their affairs by agents of the Government? How pleased will they be with instructions given to district attorneys and Federal courts?

I took pains, Mr. President, carefully to study and analyze this bill and, among other things, discovered this: Omitting the language stricken out, the bill consists of 87 pages. Of these 87 pages 15 pages are devoted to penalties, legal liabilities, judicial proceedings, hearings, appeals, the reporting of data and farm records, affidavits, misdemeanors, fines, the duties of the Attorney General of the United States and of district attorneys and the Federal courts. Fifteen pages are devoted to the legal feature of the law's administration.

I have said a hundred times on the floor of the Senate that I was born on a farm. I live on a farm most of the time when I am away from Washington. My relatives are farmers. I can just imagine my grandfathers turning over in their graves to think that the present-day generation of the family, still living on farms, is liable to all the legal penalties of this measure. If the farmers of America knew what has been included in this bill in the way of legal restrictions, I know what they would say.

Do these provisions make pleasant reading to the law-abiding farmer who has always kept away from lawyers and courts? If this bill becomes a law, he will never know when he is in legal trouble. To his mounting costs in farm administration will come another expense, the retainer of an attorney. No farmer will any more dare operate his farm for fear he will be breaking the law.

When the food and drugs bill was before the Senate for consideration we spent more time on the question of softening the powers given the Secretary of Agriculture than to

any other feature of the original bill. The Senator who now presides over the Senate (Mrs. CARAWAY in the chair) knows that to be true. Health and life were involved in that measure, but to pass the bill we had to give way before the pressure and to modify the language. If that authority was offensive in a health measure, what can be said of this bill, one relating to economics? What does the farmer think of this language found on page 29, line 5, paragraph (c) of section 22—

(c) Whenever, after investigation, the Secretary has reason to believe that any farmer has engaged in any unfair agricultural practice that affects interstate or foreign commerce and so certifies to the appropriate district attorney of the United States, it shall be the duty of the district attorney, under the direction of the Attorney General, to institute a civil action in the name of the United States for the recovery of the penalty payable with respect to the violation.

The farmer puts his head in a noose; in fact, he has his head in a noose if this bill becomes a law.

Now I wish to speak about another matter. I wish to ask my farmer constituents how they feel about this provision on page 30, line 9:

(e) Farmers engaged in the production of wheat or corn shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as may be necessary for the administration of this section and prescribed by regulations of the Secretary.

Not written in the law but by regulations of the Secretary.

Any farmer failing to furnish such proofs in the manner and within the time provided shall be guilty of a misdemeanor and upon conviction thereof be subject to a fine of not more than \$100.

The farmer not alone will have to hire a lawyer but he will need to employ a certified public accountant, one who has had something more than a correspondence course, somebody who is really expert; otherwise the poor chap is going to go to jail. All through this bill we find the Secretary doing this or that.

I find this provision on page 68:

10. (a) The "normal yield" per acre, for wheat and corn for any farm, shall be the average yield per acre for the commodity thereon during the preceding 10 years, adjusted for weather conditions, or if there is no actual yield or the data therefor are not available for any year, then an appraised yield to be determined by the Secretary.

The Secretary of Agriculture is going to determine what the farmer up in Wyoming County, N. Y., shall do or shall not do. The farmer gives over his independence to a bureaucrat. I have no fault to find with Mr. Wallace. I think he is a very nice bureaucrat. But he will not always be the bureaucrat; others will succeed him.

Here is another thing—

Mr. VANDENBERG. Mr. President, will the Senator yield before he leaves that point?

Mr. COPELAND. I yield.

Mr. VANDENBERG. I think the Senator will be interested in noting how the views of Mr. Wallace on this particular question have changed in the last few years. I call his attention to the following very interesting quotation from Wallace's Farmer, published in Des Moines, Iowa, of which the distinguished Secretary of Agriculture was then the editor:

If it cannot be stopped in any other way, Congress should enact a law imposing very severe penalties upon any Government official who undertakes to influence either crop production or crop prices.

Believe it or not, it was the Secretary of Agriculture who made that statement.

Mr. COPELAND. That was in 1920?

Mr. VANDENBERG. Yes. I continue the quotation:

The business of the Government employee should be administrative. Farmers have been the victims of Government exploitation. * * *

And especially should Government officials be forbidden to put out any statement calculated to influence agricultural prices. Such statements are pernicious in the extreme. * * *

There are too many people in public office who seem to think they ought to exercise some sort of guidance or guardianship over the farmer.

I suggest to the Senator from New York that he will find in this statement prayerful food for thought.

Mr. COPELAND. I may say, Mr. President, that bureaucracy is a disease for which there is no known cure. It is a very contagious and infectious disease. Once a man has a place at the head of an administrative office, while he himself may be "as pure as the driven snow," if he goes into the other offices through his Department he will find persons who are so steeped in bureaucracy that to them the ordinary appeal of common sense has no virtue, no place, no effect.

I am surprised that a man I thought so transparent as is the Secretary of Agriculture, should in 17 short years change his hatred of bureaucracy to an insistence upon the inclusion in this bill of provisions which destroy absolutely all independence of the farmer. The farmer of America is given over to autocratic bureaucracy if this bill becomes a law.

On page 73, line 5, of the bill, we find the beginning of section 62. This is a chapter devoted to administrative provisions. Section 62 (a) relates to hearings and from it I quote:

The terms and conditions of adjustment contracts and loans thereunder, the regulations under this act or with respect to such contracts, the time and manner of keeping records and making reports, and the amount of any ever-normal granary and of any diversion percentage shall be prescribed or proclaimed by the Secretary.

It must be admitted—

Mr. POPE. Mme. President, will the Senator yield at that point?

The PRESIDING OFFICER (Mrs. CARAWAY in the chair). Does the Senator from New York yield to the Senator from Idaho?

Mr. COPELAND. Certainly.

Mr. POPE. Will not the Senator continue to read—only after obtaining the advice of farmers?

Mr. COPELAND. I am not through. I merely want to comment on what I have just read. It must be admitted that these matters have such vital relationship not only to the happiness, but to the financial welfare of the farmer, that every farmer ought to have a chance to be heard. Every farmer is interested in the terms and conditions of the contract and law. He is interested in the regulations proposed under the bill. The time of keeping his records and all that kind of thing would, as I said a little while ago, almost require the services of a lawyer and certified public accountant.

A hearing is provided. That is fine. The farmer ought to have a hearing, of course. The bill provides that these details and regulations are to be proclaimed by the Secretary "only after opportunity for public hearing held upon not less than 3 days' notice." Three days' notice! Think of that!

How large an area is involved? Of course, in the little States of Oregon and Washington the distances are short and travel is easy! Airplane travel is expensive, yet the farmer who is going to be regulated has 3 days' notice and he is going to attend a public hearing on 3 days' notice—

At a convenient place within the principal area or areas where the agricultural commodity or commodities concerned are produced.

He could get around in my State very well. We have good roads. The farmers have automobiles. But I believe that the farmers of the country will have a loud protest to make against hearings so important as these which they have to attend on 3 days' notice. Three weeks' notice would be short, but 3 days is impossible.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. Certainly.

Mr. VANDENBERG. Does the Senator also intend to discuss the provision for referenda? It seems to me the complaint he is now making applies even more emphatically to the fact that when the farmers producing a given commodity are to be asked to vote whether they want to go under restrictive compulsion, they are not going to be circularized

generally with a ballot, they are not going to be called into numerous polling places in the ordinary electoral fashion, but they are to be called into some of these meetings here and there, and a vote is to be taken as a result of which the entire farm population of a given community will be under the resultant control. Let me give the Senator an example of what that may mean.

In connection with the Potato Control Act of a year or two ago, although there are 800,000 potato raisers in the country, only 30,618 participated. The vote among those 30,618 was 82 percent favorable, but 32,000 potato raisers are only 4 percent of 800,000 potato raisers, and 82 percent of 4 percent is only 3½ percent. Therefore, although this is assumed to be a voluntary sort of compulsion because there is to be a referendum in which agriculture can express itself, in the case of potatoes, 3½ percent of the potato raisers of the country voted compulsion upon 100 percent of the potato raisers of the country. The same thing can happen under the terms of the bill, and that is called democracy and it is called voluntary submission to compulsory control.

Mr. COPELAND. I agree fully with what the Senator has said. I presented some figures the other day in connection with the potato referendum. The number represented was ridiculously small. It is true in relation to the bill. I submit in all candor that the bill seeks to impose upon agriculture restrictions and limitations under penalties which, if the farmers of America knew about them, would be resented in strenuous terms.

I do not profess to know about all people in the world—I would not go that far—but I know farmers. I had an uncle who lived to be 101. On the anniversaries of his birth, up to the time he was 100 years old, a family reunion was held. At the last one I attended 135 persons were present, all relatives of mine, every one of whom was a farm resident. If there is one class of people I know it is the farming class.

The farmers will not stand for this bill when they know what is in it. The only reason why I am speaking, Mme. President, is to try to say something that will reach out to the farm world to arouse the farmers, to inform the farmers, because when once they know what is to take place under the provisions of this bill, there is no doubt in my mind what they will do.

Mr. VANDERBERG. Mr. President, will the Senator further yield?

Mr. COPELAND. Yes.

Mr. VANDERBERG. In the debate the other day, I inquired whether or not a farmer could be put in jail for failing to keep the appropriate records and to respond to all the necessities and requirements of a bill which not 6 out of 96 of the Senators can understand; and I was told that he could not be put in jail. The fact remains that he can be taken into criminal court and convicted of a misdemeanor, and fined \$100, and if he does not pay his fine he can be put in jail.

Mr. COPELAND. Yes, sir.

Mr. VANDENBERG. Therefore, farmers can be put in jail under this bill if they do not keep the records that Secretary Wallace asks for.

Mr. COPELAND. That is correct. That is the very next note I have here before me—that if these rules are not observed the farmer may be taken to court and fined, and if he does not pay the fine for contempt of court he may be sent to jail.

I want every farmer in New York State to know that, not because I want to frighten them—they are not that sort—but I want them to know, to be informed, to realize that here is a bill so punitive in its effect that if the farmer does not conform to its provisions he may land in jail, as the Senator from Michigan has said.

Is the plan proposed a voluntary one for all? No; but it is going to affect all. Certain penalties are imposed upon the man who does not care to come under it; and, as the Senator from Michigan has pointed out, the number of farmers who will vote—and only those who are informed

are likely to vote—will be a minority. There may be those who will feel that they are to be benefited by one provision or another of the bill and who therefore will take it blindly; but I know that those who vote will be a minority of the farmers of America, and there will be imposed upon all the farmers of America the wishes of a minority.

This morning we heard a good deal about cotton. I see before me a little book, and I am reminded of it. It is entitled "Some Notes on World Conditions, Prepared by Clarence R. Bitting." I wonder if all the cotton farmers want this bill. What may happen to them?—

A most excellent and striking illustration of the effect on other producing countries when we restrict our production of a primary commodity is given by cotton production. Using League of Nations figures, in thousand metric tons, we find the changes in cotton production in the United States and in all other countries to be—

The United States, 1931-32, 3,707,000 metric tons; in all other countries, 2,253,000 metric tons. Now we go along until 1934-35, when the quantity raised in the United States was 2,089,000 metric tons, as against 3,707,000 metric tons in 1931-32. In all other countries the amount produced was 3,071,000 metric tons.

As fast as we curtailed our production, other nations rushed in to increase theirs. From producing 62 percent of the world's cotton in 1931-32 we have shriveled to 40 percent in 1934-35; had we kept the same proportion of world production in 1934-35 as we had in 1931-32 we would have produced 1,100,000 more metric tons, the equivalent of 5,000,000 bales, and, under such assumption, world stocks would have been no greater.

With the foreign production of cotton some 8,000,000 bales higher than in 1932, it is generally conceded that at least a part of such increase has been due to our own cotton restriction program. By reducing our own supply we reduced world supply and hence stimulated foreign production.

How can it be otherwise, and yet once we had practically a monopoly of cotton raising in this country? Now, by reason of restrictions and restraints, the production is less, except occasionally by the gift of Nature; but, for one reason or another, restriction has gone on and on, while in other parts of the world there has been development of cotton lands, to the ultimate destruction of the great cotton industry in America.

Mr. President, when this majority, whatever it is—I do not know whether it is 66⅔ percent or not, but I do not think it matters—has agreed, then the privileges and penalties, and advantages and disadvantages and all the provisions of the bill are to be forced upon every farmer raising the crop in question. Is that good Americanism, Mr. President? What becomes of freedom of choice of action, the old-time independence of the farmer? The farmer is denied Soil Conservation Act benefits unless he enters into a so-called adjustment contract, or unless he—

Produces no wheat or corn for market, but devotes to soil-conserving uses the acreage customarily devoted to such production of wheat and corn.

There are all sorts of penalties for nonconformity.

Mr. President, all these are encroachments on the rights of the individual, encroachments which, by common consent, we have left to the collectivist system. We do not want that system in the United States!

I have already spoken about the effect of this bill upon the consumer. If there is one factor more than another that will influence the voters of America to an uprising against the imposition of these various measures, that factor will be the housewives. There is not a breakfast table in America where the wife does not say every morning, "John, do you know how much bacon and eggs cost? John, do you know how much bacon is now? We shall have to cut down the consumption." When you go into a restaurant and pay \$1.75 for a beefsteak meal, there will be another group to find fault with the increase of prices.

Mr. BAILEY. Mr. President—

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from New York yield to the Senator from North Carolina?

Mr. COPELAND. I do.

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Mr. BAILEY. The Senator is talking about the cost of bacon and beefsteak. I wish he would state the price to the farmer of those articles, and then state the price to the consumer, first in the market, and then in the restaurant. We may open up a little discussion here about the price of these things.

Mr. COPELAND. The other day I discussed that very matter in a colloquy with one of the Senators. There is, I may say normally or customarily, a multiplication by three between the producer and the consumer. When the dairy farmer gets 5 cents for his milk, I pay 15 cents. We are not here discussing the evils of the marketing system. We are not here discussing how we may reduce the spread between the producer and the consumer.

Mr. BAILEY. I made the inquiry for just one purpose. The Senator says there is a spread of 300 percent, three times, between the price received by the farmer and the price paid by the consumer. I should like to ask the Senator at what point in that rise the consumer resistance tends to pile up surpluses in the hands of the farmers so that they cannot sell.

Mr. COPELAND. Just as soon as the price reaches a point above what the consumer has been accustomed to paying.

Mr. BAILEY. Is not that one of the indices of our present difficulty in disposing of the products of the farm? It is not the price the farmer gets that arrests consumer buying; it is the price the consumer has to pay, only one-third of which the farmer receives.

Now I will ask another question. That being so, what is the consequence upon the farmer of the public policy which, by interfering with all manner of businesses and by imposing all sorts of taxes on business, increases the price to the consumer?

Mr. COPELAND. The Senator has raised very important questions.

In attempting to answer him, let me speak about milk. Whenever anything affects the price of the production of milk to the farmer, so that it costs the farmer an additional cent a quart, it costs the consumer 3 cents more. At the moment I am not stating why that is so, but when 1 cent is added to the price the farmer gets for the milk he produces, the consumer pays 3 cents more.

Mr. BAILEY. And every time we borrow money we increase taxes. Is not that true?

Mr. COPELAND. Yes.

Mr. BAILEY. Every time we spend public money over what we heretofore have been spending, we predicate an increase of taxes. Every time we increase taxes the effect of the increase is reflected in retail prices, and sooner or later we reach the point where the consumer says, "I will not buy." That point has been reached in the United States right now. One of the first consequences is that the farmer suffers. He loses his market.

We are discussing here a matter of public policy, and a farm bill to help the farmer. Is it not possible that we can help the farmer a great deal more by arresting the processes which tend to increase retail prices?

Mr. COPELAND. The Senator is absolutely correct. He may be aware of the fact that I was a candidate of a couple of political parties for the nomination as mayor in New York. I had occasion during that ill-fated experience to find out why the manufacturing concerns were leaving New York. I found, to my great distress, that hundreds of factories were leaving New York.

I met a man on the train a few months ago, and when he had recalled himself to my recollection I said, "What are you doing now?" He said, "I am engaged by the State of New Jersey to find locations for industrial plants moving out of New York." So I thought I would find out why they were moving.

There are two reasons. In the first place, it is because of racketeering. In the next place, it is because of high rentals and high taxes.

Mr. BAILEY. Mr. President, while the Senator is on that subject, the Secretary of Agriculture informed one of the Senators yesterday, according to the papers today, that the pending bill would cost the Government a thousand million dollars.

Mr. COPELAND. Yes.

Mr. BAILEY. Is it not possible that if we impose upon the American people the taxes required to raise a billion dollars, by the mere imposition of the taxes under the present condition we may arrest consumer buying to such an extent as to cost the farmers \$2,000,000,000? Is not that well within the possibilities?

Mr. COPELAND. I truly think it is. The average citizen thinks, "My name is not on the tax roll. It does not make any difference to me what the tax is, it does not make any difference to me what the income tax or the corporation tax or the State tax or the city tax may be." But every man and woman in the United States is a taxpayer. When a tax is levied against the rich man he does not go and dig up a pot of gold that was buried under the seventh apple tree in the third row. When the rich man is taxed he raises the price of everything he has to sell; he raises the price of clothing and shoes and hats, the garments of the women and of the men and of the children. He raises the rent. Every man, every woman, every individual—we are all taxpayers.

If we go on adding to the taxes imposed by the Federal Government, if we increase the levies upon the taxpayers, there will come a time, as the Senator from North Carolina has said, when the consumer resistance will make it impossible to sell anything.

Mr. BAILEY. Mr. President, will the Senator permit me to call attention to a rather significant paragraph in the annual report of the Secretary of Agriculture for the year 1937? I should like to have the benefit of the Senator's comment on it. Will the Senator permit me to read it?

Mr. COPELAND. Certainly.

Mr. BAILEY. This is from Mr. Secretary Wallace:

Marketing agreements sponsored by the Department—

And that is what this bill is about—

afford a chance to improve the conditions of agricultural labor. There appears to be legal authority for including in such agreements minimum standards affecting pay and working hours.

If I understand the Secretary, he has in contemplation inserting into the marketing agreements contemplated by the proposed legislation "minimum standards affecting pay and working hours."

Such provisions may make the agreements more difficult to administer. They provide a means, however, of eliminating serious evils, such as child labor and excessively long hours, not only in processing and packing plants but in certain agricultural operations. Also they may touch the question of sanitation and working conditions.

It may be possible to include certain requirements in adjustment and agricultural-conservation programs as a condition to the payment of benefits by the Federal Government.

Mr. President, that comes from the highest agricultural authority in the country, and the authority supporting legislation along the lines of the pending bill. It is not old matter; it is the report of 1937. If I interpret it aright—and I do not think there can be any mistake about it—the Department of Agriculture and its Secretary have in mind including certain requirements touching wages and hours of employment in adjustment and agricultural conservation programs as a condition to the payment of benefits by the Federal Government.

Mr. President, I do not intend to make a speech; I content myself by saying that we are in the business of regulating agriculture, we are in the business of compulsory regulation, and also regulation by large conditional gifts, and we are notified by this authority that the policy advocated by the Secretary of Agriculture is that those compulsory measures, those conditional gifts, shall look to regulating everything, not only the land and the quotas, but the labor and the hours of employment.

I should like to add that when we get to that point the prices of agricultural products are going to be so high that no one will be able to buy them. The man who buys the eggs and the milk and the breakfast bacon now will just have to stop buying. That is one of the difficulties with agriculture right now; prices are not put up by the farmer, prices are put up by these artificial measures, until they have now reached the stage of consumer resistance, and that consumer resistance always builds up surpluses. Then there is the demand for subsidies, and also for something in the nature of an ever-normal granary. It will have to be a very big granary. When we get into that it will be a little bit bigger than the whole country.

Mr. COPELAND. I think the Senator is right. It is a vicious circle. When we begin to start around we are just adding to the burden—certainly of the consumer—all the time.

I have had practical experience in dealing with consumer resistance, if the Senate will pardon me for speaking of it. I was commissioner of health in New York City for a long time, and there were a number of occasions when, for one reason or another, the citizens of New York became indignant over the price of milk, and the community associations met and proposed embargoes on milk. As guardian of the public health, I felt it my duty to resist those embargoes, to try to persuade the mothers not to take such action, because there is more involved in the buying of milk than simply the economic question. There is a question of health, and, as health commissioner, I could not bear to see a reduction in the consumption of milk, because it would mean a decline in the public health, especially in the early age group.

There is no doubt at all that, with the increased cost to the consumer, no matter where the fault is, there will come a time when the consumer resistance will be so great that it cannot be broken down.

Mr. BAILEY. Mr. President, I will interrupt the Senator just once more. Will he yield?

Mr. COPELAND. Certainly.

Mr. BAILEY. The President, in his message to the Congress this week on the subject of housing, pointed out the fact that a great factor preventing our progress out of the depression is consumer resistance. That was with regard to building enterprise. The same factor is working everywhere now, and consumer resistance is built up, not because of the initial price paid to the farmer but because of the public policy which increases the price all the way along until it gets to the consumer. I should like to see that thought developed here because we are dealing with the profoundest aspect of our immediate secondary depression.

Mr. VANDENBERG. Mr. President, will the Senator from New York permit me to comment on what the Senator from North Carolina has just said?

Mr. COPELAND. I yield.

Mr. VANDENBERG. In addition to what the Senator from North Carolina has said, the President pointed out in respect to housing that if we are to find an answer it will be necessary to increase production to a point where costs will go down, the exact opposite of the scarcity theory now once more proposed to be applied foolishly in connection with agriculture.

Mr. COPELAND. The Senator is right.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. HATCH. Unfortunately, I could not quite understand what the Senator from New York said in the latter part of the discussion, as his back was toward me while he was speaking. I do not know what his position is in respect to the matter, but from the discussion had here in the last few minutes I judge that it is the consensus of views that farm prices are now too high. Am I correct in that understanding?

Mr. COPELAND. Oh, no, Mr. President.

Mr. BAILEY. No, Mr. President, not so far as I am concerned. Let us get it clear, Mr. President. No one said farm prices are too high. I began the discussion by saying

that the price paid to the farmer is not the cause of the trouble. The Senator from New York answered and said that the price to the consumer was 300 percent more than the price paid to the farmer. The point is made, not that the price to the farmer is too high—it is not even high enough—but that the price to the consumer is so high that there is a consumer resistance, and the farmer does not get a high enough price, and does not even have a chance to sell what he produces. We do not want to be placed in the position of protesting the farmer's price. Not at all.

Mr. HATCH. I understood that the argument was made that if the price was kept high, consumer resistance developed, and the consumption decreased.

Mr. BAILEY. That is the price to the consumer, yes; but I said in the beginning that the price to the farmer was not related to the price to the consumer which caused consumer resistance. The price to the consumer represents a 300-percent increase over the price paid to the farmer.

Mr. HATCH. I quite agree with the Senator from North Carolina that the price to the farmer has nothing to do with the consumer resistance.

Mr. BAILEY. But the price charged to the consumer depresses the price paid to the farmer. That is the point that was made.

Mr. HATCH. We had an example of that condition in the low price paid to the farmer in 1931 and 1932. If any Senator believes that low prices will increase the consumption and will materially help the condition of the farmer, I should like to have him discuss conditions as they existed in 1932 compared with those which have existed since the present administration came in.

Mr. COPELAND. I do not think it will be difficult to answer that. An economic situation existed throughout the country for other reasons, which caused consumer demand, of necessity, to be very low in the year mentioned.

Mr. LOGAN. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. LOGAN. I disagree with what the Senator from New York has stated and with what the Senator from North Carolina [Mr. BAILEY] has stated. Consumer resistance is caused by lack of purchasing power and not by the price. Increased price to the farmer enables him to have a greater purchasing power, and then he purchases from the manufacturers in New York, for instance, in increased amount, which enables those from whom he purchases to have a greater purchasing power. If that statement is true, then the argument that the price has nothing to do with the consumer resistance is fallacious. Price has nothing to do with it as long as the consumer has the ability to acquire what he wants, and he can only get the ability by an adjustment. Therefore certain acts are called adjustment acts, because they provide for the adjustment of the purchasing power between the different groups of the Nation.

Mr. COPELAND. Mr. President, if a billion dollars is added to the tax bill, that in itself will reduce the consumer capacity to buy, because that tax will be reflected in the price of everything he buys. The tax will be reflected in the price that the consumer has to pay for the goods because the owner of the building and the merchant will have more taxes to pay and he is going to charge it to the consumer.

Furthermore, there is no question that when you raise the price of one kind of meat or of one kind of food for which there is a substitute the consumer will turn to the substitute. As I see it, it is absurd for us to argue that anything which curtails production will not result in higher price and less consumption. The purpose of the bill is to raise the price. No one can question that. That is what it is for—to increase the price. As I have already pointed out, and I could explain some of the reasons for it if time permitted, there is always considerable spread between the price paid the farmer and the price paid by the consumer.

I served as chairman of a commission appointed by Governor Smith when he was first elected, which had for

its purpose to make a study of the spread between the producer of milk and the consumer. We studied that subject for a year, trying to find a way to reduce the spread between the producer of milk and the consumer. That question continues to be a burning question in New York. I noticed only yesterday that the commissioner of agriculture of New York State gave some encouragement to a consumer group in New York City seeking to bring about a system which would mean cheaper milk in that city. There is not any doubt that every time you increase the farmer's price for a given product there will be increased customer resistance.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. ELLENDER. I was interested in the statement as to the investigation the Senator said he made with reference to milk prices in New York while he was commissioner. In this investigation was it determined what the cause of the high price of milk to the consumer was? Was it due to the farmer getting too much or to the high cost in the distribution of the milk? Can the Senator give us any light on that subject?

Mr. COPELAND. I think it hardly bears on the question before us, but I will answer in a word. Our committee took the view finally that one of the great difficulties about the price of milk was involved in the fact that there were so many distributors of milk who crossed each other's paths. For instance, I would drive out across the Brooklyn Bridge to make a speech in Brooklyn to some health group and would meet great trucks coming into Manhattan from Long Island loaded with milk for distribution in Manhattan. Then I would come back, after having delivered my speech, and I would meet trucks coming from Manhattan to Brooklyn to serve the people there. So there is no question that wasteful distribution has a great deal to do with the added price.

Mr. ELLENDER. The point I had in mind was that the high price the Senator spoke of did not result simply because of the price paid to the farmer.

Mr. COPELAND. No. But whatever is added to the cost by way of higher price to the farmer will be reflected in the consumer cost.

Mr. ELLENDER. The Senator will concede that under this bill there is a ceiling beyond which, let us say, the price of wheat cannot go?

Mr. COPELAND. The normal granary is opened to let it out. I have also recited how difficult it would be to get the cover off of it.

Mr. ELLENDER. The bill provides for a method. The Secretary is directed to release the supply when prices reach a certain level. We must take the bill as it is written, and we must assume that the Secretary will do his duty. The Senator will further concede, I am sure, that if the price of wheat should be too high, then wheat would come into this country from foreign markets; would he not? That would have a tendency to lower the price to the consumer, would it not?

Mr. COPELAND. I could quite imagine that there would be a demand for an increased tariff so as to prohibit that.

Mr. ELLENDER. I am talking about the bill as—

Mr. COPELAND. Mr. President, just a moment. The Senator and I are fundamentally opposed on this philosophy. We could not agree in a thousand years. I am just as well convinced as a man can possibly be that the scheme will not work. It will not be satisfactory even to those who are advocating it. The Senator from Louisiana was not in the Chamber when I read a very interesting report on what curtailment has done to the reduction of the demand for domestic cotton, while at the same time there has been a marked development of cotton acreage abroad. In short, these efforts which are being made will in the long run hurt the domestic farmer. They will not in the long run bring any benefit to him. It is a very natural thing in the face of an emergency to think that we must pass laws, we must do something.

Two years ago we passed the Soil Conservation Act, and every prophet on the floor—the advocates of the bill—said it would solve the farmer's troubles. It did not solve them. If I believed in my heart that this bill would solve those problems and not produce great evils to the consumer public and to certain special farmer interests which I represent, I would be for the bill. But I cannot believe it.

Mr. ELLENDER. Cotton production abroad has been on the increase the past 20 years at the rate of over 200,000 bales annually. Mr. President, will the Senator yield further?

Mr. COPELAND. I yield.

Mr. ELLENDER. What does the Senator think would happen to the buying power of the cotton farmers of the South if next year they produced a cotton crop equal to that which was produced this year? Cannot the Senator see that their buying power would be reduced to almost nothing?

Mr. COPELAND. I do not see anything in the pending bill that controls the weather.

Mr. ELLENDER. No; but we can control acreage.

Mr. COPELAND. The Senator can no more prophesy what will happen next year than he can prophesy in what direction the wind will blow on Christmas Day.

Mr. ELLENDER. But we can take the law of averages, which will work, and this bill is so worded that the Secretary, by the use of the yardstick provided in the bill, can assure the farmer the opportunity of producing a certain number of bales of cotton, let us say, which added to what is now on hand will meet the foreign demand as well as the domestic consumption. That, in my mind, will have a tendency at least to make the price stable. As I said in my speech of Tuesday, the farmer does not want an unreasonably large price. What he wants is a stable price. He does not want to plant cotton this year anticipating a price of 12 or 15 cents a pound, but, finding when he gathers it that he has to sell it for 5 cents. I think the bill, if it does nothing else but make the prices of the farmers' commodities stable, will have accomplished what we are after.

Mr. COPELAND. I respect the Senator's views. Of course, I think I am right in saying that the purpose of this bill is to promote the welfare of the producers of the crops referred to in the bill by the curtailment of production and consequently to afford them a higher price.

Now, I ask Senators, have they thought of the point I now mention? Suppose we actually have such curtailment, what is that going to do to labor? What is going to be done with the surplus farm labor? Even though the farmers get a higher price for their products, and the consumers in New York City pay more for them, what is going to be done with the surplus farm labor? What is going to be done with the Negroes in the South who ordinarily pick cotton? What is going to be done with the farm labor in the West formerly engaged in the wheatfields and in the cornfields? I do not know anything about the production of rice, but I presume labor is used in that connection; it certainly is in the production of tobacco. What is going to be done with those who are so engaged? Curtailment of acreage means increased unemployment just as surely as fate.

Curtailment means fewer trucks will run on the highways to transport products. It means there will be less demand for automobiles; that there will be less demand for oil which, as well as corn, is produced in Kansas. There will be fewer cars on the rails. It will mean increased unemployment on the railroads, because there will necessarily be fewer employees needed in transportation. There will be fewer cotton bags and fewer barrels in which to pack the products which were formerly raised upon the farm. There will be fewer textile workers. Every single effort made to reduce acreage—curtailment of acreage—will mean an increase in unemployment. The logic of that statement cannot be evaded.

Mr. President, I will not press that argument further; I have taken too much time of the Senate; but I wish to say a little about farm income.

I may say that I did somewhat of an injustice the other day to Dr. A. G. Black, Chief of the Bureau of Agricultural Economics. I have here a clipping from the United States News of August 30 containing a picture of Dr. Black and a statement from which I quote:

His books show the farmers will have a cash income of \$9,000,000,000 in 1937, and the greatest purchasing power since 1919.

Dr. Black writes me that it should have read "the greatest purchasing power since 1929"; that there was a mistake in the article as printed. I make this statement in order to correct any false impression that I may have created.

Mr. President, I have before me certain figures which I must read, because they have an important bearing upon my argument. By years the farm income has been as follows: In 1924, \$9,785,000,000; in 1925, \$10,324,000,000; in 1926, \$9,993,000,000; in 1927, \$10,016,000,000; in 1928, \$10,289,000,000; in 1929, \$10,479,000,000. Following that year the decline begins. In 1930 the farm income was \$8,451,000,000; in 1931, \$5,329,000,000; in 1932, \$4,328,000,000; in 1933, \$5,117,000,000; in 1934, \$6,348,000,000; in 1935, \$7,090,000,000; and in 1936, \$7,865,000,000.

Now we come to the current year for which, according to the figures I have already given, the farm income is estimated at from nine to ten billion dollars.

In short, Mr. President, the farm income this year will be practically the same as it has been since 1924. I mean it has been almost as favorable as in any year since 1924, though not quite as great as a few others. I admit it may be a few million dollars less, but in these days a few millions do not count; but the billions are the same.

Where, then, do we find justification for a bill which, in the last analysis, of course, is intended to raise the price of farm commodities, and to increase the purchasing power of the farmer? I want his purchasing power increased if it can be done without creating new and greater evils.

Many think about New York City as a great financial center. How often do they think of it as a manufacturing center? I am speaking about the political boundaries of the city, not the great area around the metropolis. The manufactured products of New York City in bulk and value exceed the combined output of Pittsburgh, Cincinnati, Milwaukee, St. Louis, Buffalo, and Boston. What do we do with those commodities? We sell them, a large portion of them going to the farmers. We want the farmers to have high income, a high purchasing power, but, Mr. President, they have it. They will have embarrassments from year to year. I have owned a farm and I know as to the embarrassments. I have gone to the bank every 3 months to renew a note! I know how difficult farming really is. There will be ups and downs, of course, and there will be until the end of time. But the purchasing power of the farmer is practically as great now as it has been for 20 years. There may be individual farmers or individual crops as to which there is difficulty, but, by and large, it is not true.

I read in the New York Times of the 19th of November a special dispatch to that newspaper which reads:

An average of about 46 cents of the consumer's dollar spent for a list of 58 foods will be received by the end of this year by farmers, according to an estimate by the Bureau of Agricultural Economics. The farmer's share in 1936 averaged 44 cents; in 1935 it was 42 cents, and in 1933 35 cents. The 1929 average was 47 cents.

But this year it will be 46 cents.

What is the farmer growing about?

I could go through my list of urban friends and ask, "How is your income? How much money have you now compared with that you had last year and the year before and in 1929 and in 1924?" And every last one would say, as I would have to say, "My income has been reduced." Many would say, "My income is practically nil," or "My income is cut in two in the middle." Yet the farmers are receiving as large an amount of the consumer's dollar as they received, with the exception of one year when it was 2 cents higher, back in 1929. So I ask, What is the urgency for this measure?

Mr. MCGILL. Mr. President—

The PRESIDING OFFICER (Mr. MURRAY in the chair). Does the Senator from New York yield to the Senator from Kansas?

Mr. COPELAND. I yield.

Mr. MCGILL. Does the Senator have the figures showing the proportion in percentage of the farmer's income as compared to the national income?

Mr. COPELAND. No. If the Senator has the figures, I should be glad to have him put them in the RECORD.

Mr. MCGILL. My understanding is that the farming population comprises about 30 percent of our total population and receives 11 percent of the national income.

Mr. COPELAND. It has always been so, has it not?

Mr. MCGILL. No.

Mr. COPELAND. Was the Senator born on a farm?

Mr. MCGILL. Yes.

Mr. COPELAND. I was, too. There is this much to be said about farming and I am sure the Senator from Kansas will agree with me. On the farm when we did not have any money we always had something to eat. Dear Senator Norbeck used to joke me about the old rooster that I resurrected every time we had discussion of the farm problem. I always said if we could not get anything else to eat on the farm we could take the old rooster and parboil him and finally reduce him to edible form. But when a citizen of New York is faced with poverty and has no cash money, he has nothing to eat but the sidewalks of New York. The farmer, of course, has his troubles. I have had mine as a farmer, I confess. I should not like to confess all of them either, because it would be said I was a poor farmer.

The farmer has never gone without food. Go into the cities and find great groups of people there and say to them, "Did any of you ever go without food?" Ask that question some time. The Senator would be surprised at the great number who have gone without food. When there is poverty and distress in the cities there is nothing to eat. What does the Senator think about some kindly mother looking in the larder and finding it bare? She has a group of young children to be fed. What is she going to do about it?

Mr. MCGILL. While it is true there is poverty in the cities, the reverse is likewise true, is it not?

Mr. COPELAND. That there is wealth also?

Mr. MCGILL. Yes.

Mr. COPELAND. I suppose the Senator thinks so?

Mr. MCGILL. What does the Senator from New York have to say about it?

Mr. COPELAND. If the Senator will sit down I will tell him. I do not want to keep him on his feet and tire him.

Mr. MCGILL. Very well.

Mr. COPELAND. The wealth of New York is a concentrated wealth. I wish I had the income figures to show the Senator. The large incomes are limited in number. One thing I have come to believe after my service here is that every man's hand is against New York because we are said to be rich. One can go into Tiffany's and see diamonds and pearls that would make his mouth water if he is so inclined. How many rich people are there? Out of 7,000,000 are there 2,000,000 wealthy? No. There are not 1,000,000. Half a million? No. Perhaps 100,000. The great majority of the citizens of New York are poor people, hardworking laboring people, clerks, stenographers, bookkeepers, workers in the factories and in the shops—poor people. The Senator talks about the wealth of New York, but there is not widespread wealth there, of course. But if there were, what good does that do the rest of us? That is no argument.

There are farmers in Kansas who are millionaires because oil was found to exist under their farms. Why should the Senator from Kansas be here asking aid for the people of Kansas when he has half a dozen millionaires in Kansas? That is the same argument.

Mr. MCGILL. Mr. President, if the Senator will yield I will answer his question.

Mr. COPELAND. I yield.

Mr. MCGILL. It is for the very reason that when we have an overproduction or surplus of farm commodities in Kansas like we had in 1931, when we produced 251,000,000 bushels of wheat, we had to sell it at from 18 to 25 cents a bushel, which would ultimately barely pay the freight from the producer to market. That is the reason why I am interested in farm legislation. I have always found it to be true that when there is farm purchasing power the workers in the cities are better off. It is likewise true that the farmers in the last 25 years have been mortgaging their land in order to maintain and keep up a farm purchasing power.

Mr. COPELAND. I grant all that the Senator has said. I know people who live in the cities and in the towns have been mortgaging their homes and have been eating the shingles off the roof. There is no monopoly of misery in the country. There is misery in the cities just the same as there is in the country.

Mr. ELLENDER. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Louisiana?

Mr. COPELAND. I yield.

Mr. ELLENDER. Will not the Senator concede that the major cost to the consumer in the larger centers results from transportation expenses and cost of distribution?

Mr. COPELAND. Yes.

Mr. ELLENDER. Has the Senator any idea how we could correct that situation?

Mr. COPELAND. Yes; I have ideas, but they do not apply here. Let us leave it at that. With all the evils of the transportation system and distribution system between the producer and the consumer—and I admit they exist—we must start somewhere to remedy the condition. When we start with milk we find that an increase of 1 cent to the producer may mean an increase of 3 cents to the consumer. When the farmer gets an increase of 1 cent, that increase has grown to 3 cents by the time the milk gets to my grandchildren. The prices of kimonoes, overalls, and all such articles are increased. If the Senator has fault to find with the distribution system, I shall be glad to join in any kind of investigation to see if we can improve it. But that has no bearing on the farm problem, which we are now discussing.

Mr. ELLENDER. The cost to the consumer, I am sure the Senator from New York will agree, cannot be due to the slight increase the farmer might get. I introduced in the RECORD the other day figures showing the cost of wheat does not cause the price of bread to rise very much. Two or three months ago wheat was selling at about \$1.30 a bushel. Wheat went down to 60 cents a bushel since that time and I venture to say that the consumers in New York are paying the same price for bread that they did when wheat was selling at \$1.30 a bushel. The same principle applies to meat and other commodities.

Mr. COPELAND. The same price per loaf?

Mr. ELLENDER. Yes.

Mr. COPELAND. The only trouble is that the loaf is smaller.

Mr. ELLENDER. A pound?

Mr. COPELAND. Oh, no. We buy our bread by the loaf, not by the pound.

Mr. ELLENDER. I understand that but—

Mr. COPELAND. Every time the basic cost of bread is increased, one of two things happens—either the price of the loaf is increased or the size of the loaf is decreased.

Mr. ELLENDER. The evidence which I placed in the RECORD the other day shows that 60-cent wheat means that 1 cent goes to the farmer out of the cost of a loaf of bread; that \$1.20 wheat means the farmer gets 2 cents and the consumer pays 10 cents. If the Senator will examine the prices during the past 4 or 5 months I feel confident he will find that the cost of bread has not increased or decreased one penny, although there has been a great fluctuation in the price of wheat itself. The same principle will apply to corn as related to the price of hogs. Also the price of cotton goods in relation to the price of raw material.

Hogs may sell for 10 or 12 cents per pound, and the consumers in New York will pay about 35 or 40 cents per pound for the same meat.

I say the greatest trouble in New York and in other large centers is that you have too many in-betweens; the number of these leeches, these bloodsuckers, as I call them, who prey on the farmer and who prey as well on the consumer, should be reduced.

Mr. COPELAND. I have no sympathy with the bloodsuckers, whether they live in New York or in Louisiana.

Mr. ELLENDER. I have not, either; but they seem to exist in all large centers.

Mr. COPELAND. I should like to inquire just what you are going to do with the distributors. Are you going to take them out at sunrise and shoot them, or are you going to push them off the dock? What are you going to do with them? There are great businesses—trucking and all that sort of thing. What are you going to do with them?

Mr. ELLENDER. It is not the truckers of whom I am complaining; it is these 10-percenters that we have to contend with.

For instance, in the sale of potatoes, let us say, that we grow down in Louisiana, there are probably four or five and sometimes six of these in-betweens who get a little commission for this and a little commission for that; and by the time the consumer gets the potatoes these commission folks have gotten anywhere from 30 to 40 percent of the cost of the potatoes to the consumer. That is where the money goes; and that, by the way, may be the 100,000 class the Senator speaks of in New York who have the money. They actually get theirs, and oftentimes with their money they control the prices. The farmer does not get the benefit of that, but those few get it, and the consumers pay for it. Some of these cotton, sugar, rice, wheat, and corn gamblers make more money than the farmers, and they take no risks. They buy on futures. It is my thought that no person should be permitted to sell a commodity unless he has it on hand.

Mr. COPELAND. Now that we are going to do something with the 100,000, what are we going to do with the 7,000,000 who have to pay more for their food?

Mr. President, the farmers have been pretty well treated by this administration. I have here a chart which shows the Federal tax collections which came from the 100,000 that the Senator talked about and that I talked about. In the fiscal year 1934 the Federal tax collections were \$2,892,000,000; in 1935 they were \$3,546,000,000; in 1936 they were \$3,847,000,000; and in 1937 they were \$5,029,000,000. The total Federal tax collections in these 4 years were \$15,314,000,000. Now, let us see. I do not find here that a great deal of this money was given out, except in W. P. A. work, to the poor in the cities. I do not find that. I ought to have looked that up; and it was not all spent in the cities. It went out to the smallest hamlet, and even to the farm; but the farmers have not been badly used by the administration. Let me see what the farmers have had in these years.

In 1934, through the A. A. A., the farmers received \$270,391,000.

In 1935, through the A. A. A., they received \$711,819,000.

In 1936, through the A. A. A., they received \$396,749,000. Under agricultural adjustment contracts, the farmers received \$135,453,000. Under the Soil Conservation and Domestic Allotment Act they received \$322,000.

In the fiscal year 1937 the farmers received under the A. A. A. \$53,061,000. Under agricultural contract adjustments they received \$116,800,000. Under the Soil Conservation and Domestic Allotment Act they received \$357,200,000.

Payments in the way of bonuses to farmers in these 4 years aggregated the enormous sum of \$2,041,795,000.

The figures I have just given indicate that practically one-seventh of the total Federal tax collections were spent as bonuses to farmers—practically one-seventh. The farmers have been pretty well treated. Thirteen percent of the total Federal tax collections during the years 1934 to 1937

were expended as bonuses or benefit payments to farmers; and how was this money spent?

The other day I was out riding and went past a field out of which came a friend of mine, and with him a man riding a brand-new tractor. I said, "My friend, what are you doing?" He said, "I have here 200 acres that I have been using for grazing, just wild grass." He said, "This agricultural-implement man tells me that if I will disk this field and let it lie fallow for a year, I will get \$3 an acre; I will get \$600, and he will sell me the tractor for that, so that at the end of the year I shall have this place disked and seeded down, own a tractor, and I shall have it in grass that will feed four times as many cattle as it will feed at present."

That is one example which came to me within a month. There is no doubt at all that great abuses have attached to the administration of the Soil Conservation Act. I do not mean by that any dishonesty. I mean just ordinary, everyday abuses. Why should my friend get \$600 for doing to a piece of ground what he ought to have done long ago? Every man here who knows anything about farming knows very well indeed that many of the benefits which have been given to the farmers have been for carrying out procedures which are actually in the line of good routine farming. No good farmer would plant his land year after year without having 1 year in 3 when it lay fallow to recuperate; but now he gets money for letting it lie fallow. How much money? In these 4 years, \$2,041,795,000.

What are the farmers growling about? That is pretty good treatment. They cannot complain.

There is a temptation to go into more of these figures, but I shall not take the time of the Senate to do so.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COPELAND. Yes; I yield.

Mr. VANDENBERG. It seems to me there is a little phase of the particular thing the Senator is now discussing which deserves emphasis.

The pending bill takes care of farmers dealing with five commodities only. The Senator has farmers in his State, and I have farmers in mine, who are raising many other commodities. If there is any element of suffering, they are sharing the element of suffering; yet under the administration of the Agricultural Adjustment Act the per capita benefits ranged all the way from \$122 for Kansas farmers to 3½ cents for Maine farmers. New York farmers received 79 cents per capita, compared to \$103 per capita in North Dakota. Under the Soil Conservation Act, which the Senator has just been discussing, the benefits have ranged all the way from \$54 per capita in North Dakota to 99 cents per capita in Rhode Island.

I respectfully suggest that a national farming program in the interest of all agriculture ought not to have discrepancies of that amazing character.

Mr. COPELAND. The Senator is entirely right. There has been no equitable administration of the act. Some farmers have received large sums; other farmers have not; but I know as well as I know anything that if this bill is enacted the dairy farmers of the Northeast and the one-family farmers of all of our northern border, including the State of Michigan and the dairy State of Wisconsin, will suffer by this act. They will be called upon to reduce their acreage, at least those who are raising more than 300 bushels of corn or 100 bushels of wheat. If they are dairy farmers needing the corn for the silo, or poultry farmers needing the wheat and corn for the poultry, they will no longer be permitted to raise that grain in the quantities they did before. It must be limited under penalty of the law, as I have said. The bill imposes upon the farmer the danger of court procedure. It is certain that it will impose upon him burdens and responsibilities and worries such as he has not now and never before had to endure.

I sometimes wonder why it is that the cotton farmers of the South have not made use of the State compact provision of the Constitution.

A limited number of States, comparatively, raise cotton. If it is simply a matter of the control of crops, the reduction of acreage, why not do it by State compacts? Why should the cotton farmer of the South bring his problem to us, and why should we have to deal with it?

I realize that the case of the wheat and corn farmers is quite different, because of the universality of the raising of those crops. But pressure groups have brought a bill here which seeks to impose burdens upon farmers who would not and could not be benefited by the proposed law. Farmers would be shackled, their hands would be tied, they would be helpless, in the face of law administered from Washington through the district attorneys of the country and through the Attorney General of the United States at the behest of the Secretary of Agriculture.

I have here a letter which a family in Pennsylvania wrote me. I do not know why it was addressed to me. I read from the letter:

Senator, I pray that you will use every effort at your disposal to save our right to control our own farms without any Government interference. We want no farm control and no processing taxes. We need no Government money, just our markets for the American farmer. They give us no vote because we accept no Government money. If it is put to a vote, let the vote be by all the farmers of the country, not just a few.

I think that is the sentiment of the independent, self-respecting, upright farmers of the country.

Mr. President, I am proud, if I may be permitted to say of my farmer ancestry, that I do not think one of those old-timers—and I think it would be true of the ancestry of every other Member of the Senate, and I dare say all Senators have farmer ancestry—would ever have agreed to control from Washington. We have gone very far in the matter of control from Washington. How much further are we to go?

Are we going to handcuff and shackle every man in America? Are we going to make him submit to dictatorial management and direction?

Mr. President, if I know farmers, I know they will be resentful of this bill when they know what is in it. I pray that the wisdom of the Senate may assert itself and that instead of passing the bill will recommit it, and let the committee study it. There will be plenty of time. If there are reasonable things in the bill, let the committee bring them before us. I want to vote for reasonable things that will help the farmer. I think I have voted for every farm bill during the 15 years I have been in the Senate. But the pending bill, instead of doing good to those whom its proponents think it would benefit, would do harm, and I know that, so far as the farmers in my section of the country are concerned, it would be harmful in the greatest degree.

Mr. VANDENBERG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

| | | | |
|--------------|-------------------|-------------|---------------|
| Adams | Davis | King | Pepper |
| Ashurst | Dieterich | La Follette | Pittman |
| Austin | Donahay | Lee | Pope |
| Bailey | Duffy | Lodge | Radcliffe |
| Bankhead | Ellender | Logan | Russell |
| Berry | Frazier | Loneragan | Schwartz |
| Bilbo | George | Lundeen | Schwellenbach |
| Borah | Gerry | McAdoo | Sheppard |
| Bridges | Gibson | McCarran | Shipstead |
| Brown, Mich. | Gillette | McGill | Smathers |
| Brown, N. H. | Glass | McKellar | Smith |
| Bulkley | Graves | McNary | Thomas, Okla. |
| Bulow | Green | Maloney | Thomas, Utah |
| Burke | Guffey | Miller | Townsend |
| Byrd | Hale | Minton | Truman |
| Byrnes | Harrison | Moore | Tydings |
| Capper | Hatch | Murray | Vandenberg |
| Caraway | Hayden | Neely | Van Nuys |
| Chavez | Herring | Norris | Wagner |
| Clark | Hitchcock | Nye | Walsh |
| Connally | Hitchcock, Calif. | O'Mahoney | Wheeler |
| Copeland | Johnson, Colo. | Overton | White |

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. BANKHEAD. Mr. President, for the present it is not my purpose to take particular note of the discussion by the

Senator from New York [Mr. COPELAND], except to make one comment. He has discussed today and has discussed at other times the necessity of protecting the consumers in the city of New York against the possible increase in farm prices under various farm programs, and he has denounced the doctrine of scarcity. In the same breath today he has protested against any increase in the volume of dairy products reaching in any way his consuming constituents in New York, because they would come in conflict with the product of the dairymen of his own State.

In closing his speech here today the Senator from New York said, "Oh, how much further are we to go in the matter of control from Washington?" The last time I heard the Senator speak here before today he was pleading with the Senate to extend the power of Washington all over the United States in the matter of murders within the various States. So in the same breath he deals with consumers for and against, and with extending powers out of Washington for and against.

Mr. President, the Senator reminds me of the story of the Irishman and the monkey who were in partnership. One cold morning the man was blowing on his hands. The monkey said, "What are you doing that for?" "Why," said the man, "to warm my hands." Later, when the weather was warm again, the man was blowing on his hands while out at work. The monkey asked, "What are you doing that for?" The man said, "To cool my hands." "All right," said the monkey; "this partnership dissolves right now. I won't associate with a man who blows hot and cold in the same breath." [Laughter.]

Mr. President, I rose for the purpose of making some comments upon the letter sent by the Secretary of Agriculture to the Senator from Kansas [Mr. MCGILL] and the Senator from Idaho [Mr. POPE] on the farm bill. The letter was read into the RECORD today. I am going to comment on that letter only from the standpoint of cotton. I shall not attempt to impose my views on the representatives of the corn and wheat areas, because I am assuming that their long contact with their agricultural problems in those areas, and their studies of the subject have put them in better position to deal with their own agricultural problems than I could hope to do. On the same principle I have been hoping for the past 4 years that Secretary Wallace would recognize some of us who have lived all of our lives in the Cotton Belt, who have devoted a great part of our time to a study of the problems confronting the cotton farmers, who have in a way specialized as agricultural economists, and that he would at least give fair consideration to our views, without doing as he has done on this occasion.

The subcommittee of the Committee on Agriculture and Forestry traveled all over the Cotton Belt, and its members were, day after day, in touch with large numbers of citizens in the Cotton Belt, farmers and others, in connection with these problems. Meetings of the subcommittee were held before which farmers and others appeared and testified, both prior to the conclusion of the last session of Congress and since.

Now we are in the midst of the consideration of the bill which is the result of our deliberations, and which has come to the Senate by the unanimous vote of seven members of the subcommittee, the members of that subcommittee from the Cotton Belt. One of them stated here on the floor that while the bill was not in accordance with his own personal views he was reporting it and supporting it, because he had agreed in the beginning that whatever he found the farmers wanted he would give them, and he had found that they wanted what is in this bill.

The Secretary of Agriculture now comes along and speaks to us in his letter as though we did not know anything on the subject of cotton. He is very earnest on the subject of very large agricultural supplies. As he says in the letter, he wants a large granary, and then he wants it full and overflowing before crop surpluses shall in any way be touched. He makes the statement:

In the case of cotton, marketing quotas would be used under the bill as now drawn to restrict the annual supply to a quantity

which would hold the American price out of line with the world price level.

Mr. President, there is no such thing. The price of American cotton has never been out of line with the world price. The price of American cotton in large measure makes the world price, not only of American cotton but of all the cotton sold in the markets of the world.

Mr. President, when I spoke last Monday I had before me some charts which I offered for the RECORD, and which I had hoped and expected at the time would be printed in the RECORD for the benefit of Members of Congress in studying this problem. I have copies of the charts before me, and I shall be glad to give them to any Senators who desire to have them.

Here is one of the charts. It shows the relation between the price of American cotton and Indian cotton. Indian cotton has always been our chief competitor. India is the second cotton-producing country in the world. India has for many years produced some 4,000,000 to 5,000,000 bales of cotton. India exports practically every bale of that cotton. There is not a manufacturing industry there similar to ours, or similar to that in the United Kingdom, France, Italy, or Germany; but India produces cotton, and in the main sends it all out to the manufacturing countries of the world. The Indian cotton is not quite so good as the American cotton. The staple is not so long. The fiber is not so good.

What happens to the price of Indian cotton when the price of American cotton fluctuates, either up or down? I have here a chart which shows the ratio of the prices from 1906 to 1936. It shows, as an examination will disclose, that as the price of American cotton goes up, the price of Indian cotton goes up just under the American price. The black line on the chart represents the American cotton price. The dotted line represents the Indian cotton price.

We find by consulting the chart that in 1921 and 1922, when we had a deflation and the price of American cotton precipitately dropped, the price of Indian cotton just as precipitately dropped, and stayed under the price of American cotton in practically a uniform ratio. So, it has continued from that time on until today, the price of Indian cotton being, as it consistently remains, around 80 percent of the price of American cotton. Today, for illustration, with American cotton priced at around $7\frac{1}{2}$ cents, under this rule we will find the price of Indian cotton around 6 cents a pound.

Mr. LEE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Oklahoma?

Mr. BANKHEAD. I yield.

Mr. LEE. The present parity price of cotton in the United States is $16\frac{1}{2}$ cents. With Indian cotton selling at $6\frac{1}{2}$ cents, as the Senator has just said, does the Senator think that if we should raise the price of our cotton to $16\frac{1}{2}$ cents under the provisions of the committee bill, we could then sell in export trade 5,000,000 bales in competition with Indian cotton selling at $6\frac{1}{2}$ cents?

Mr. BANKHEAD. I have never advocated an artificially high price for cotton, and everyone connected with the Department of Agriculture who deals with policies knows my position on that subject. I do not think there is any way at this time to reach parity prices for American cotton in the open market, the world market, under this bill or any other bill.

Mr. LEE. Then the Senator has no hope of giving the farmer $16\frac{1}{2}$ cents?

Mr. BANKHEAD. I have not at this time, with conditions as they are, unless the situation is supplemented by some payments under the soil-conservation program or other payments furnished by the Government.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. As I understand the Senator, he means that with the available funds at our disposal we cannot expect the farmer to get $16\frac{1}{2}$ cents.

Mr. BANKHEAD. I said that without adding to the world price we cannot expect the farmer to get it.

Mr. CONNALLY. Without more money he cannot get it under any bill, of course.

Mr. BANKHEAD. No. I do not want to go into that subject at this time. I expect to answer the speech of the Senator from Oklahoma [Mr. LEE] later. I desire an opportunity to read his speech in the RECORD before I discuss his domestic allotment plan.

Mr. LEE. On that point I should like to ask the Senator one more question, and then I promise to sit down.

Mr. BANKHEAD. I have no objection, but I should like to continue.

Mr. LEE. If, to the extent the money is available, it would raise the price of cotton, would it not to the same extent cut down our export trade?

Mr. BANKHEAD. I thought I had educated the Senator on that point by my address of last Monday. Of course, I do not think it would cut it down. How could it cut it down when there is a similar and equal reduction in the price of foreign cotton following the reduction in the price of American cotton? If the Senator will read the Democratic platform of 1932, upon which he stood, and upon the principles of which I know he made many eloquent and convincing speeches, he will find that, in convention assembled, the Democratic Party asserted that, as a result of the passage of the Smoot-Hawley Tariff Act, and of the retaliatory tariff measures enacted by 45 countries following the passage of that act, among other things, the farmers of America have been robbed of their foreign market.

Mr. LEE. That is correct, but the fact still remains that the higher the price of a commodity the more difficult it is to sell it when a commodity similar in character can be had which is cheaper.

Mr. BANKHEAD. When the price of cotton was 35 cents a pound we sold all we produced; when the average price of cotton was about 20 cents a pound, for some 8 or 10 years following the World War, we also sold all we produced. Take Egyptian cotton—

Mr. SCHWELLENBACH. Mr. President, will the Senator yield at that point?

Mr. BANKHEAD. Yes.

Mr. SCHWELLENBACH. I wish the Senator would give us the lowest price shown on the chart for American cotton and tell us what the price of Indian cotton was at the same time.

Mr. BANKHEAD. The lowest price for American cotton was just below 5 cents.

Mr. SCHWELLENBACH. And what was the price of Indian cotton?

Mr. BANKHEAD. About 4 cents.

Mr. SCHWELLENBACH. So it does not make any difference how much we lower our price?

Mr. BANKHEAD. It does not make a particle of difference, for the price of the foreign cotton goes down with the price of American cotton. There is the 20-year official record. It shows the prices of foreign cotton follows ours right up and down the line.

Mr. LEE. Mr. President, does the Senator mean that he wants to cut down our acreage sufficiently to raise the world price of cotton?

Mr. BANKHEAD. I do not want to cut our acreage a single acre further than to get rid of a 2-year supply on hand at one time and to keep that supply down to a reasonable point in adjusting the supply to the effective demand of the world for our cotton.

Mr. LEE. When two links are connected, and it is desired to raise the level of one, it is necessary to raise the level of the other. That is the way we are trying to raise the level in the United States, and be on a world basis.

Mr. BANKHEAD. I will take that up with the Senator later. I wish to deal now with the letter of Secretary Wallace, as I have stated, and I cannot do that if I am going to spend all the evening in debate with my good friend, who

was born in Alabama, and of whom I am proud. I think the reason he is so able is that he got a good start, but since he left Alabama he has sort of drifted off in some of his doctrines. [Laughter.]

I now come to Egyptian cotton. That cotton has a longer staple than has American cotton; it is of a better grade. We import some of it into this country and pay a 7-cent tariff duty on it because it is needed for specialty purposes. The price of Egyptian cotton, just as happened in the case of Indian cotton, has followed year after year just above the price of American cotton. When our price changes the price in the other two great countries that have been our competitors, and are still our chief competitors, move exactly in the same way. Then, do not talk to me, Mr. President, about getting the price of cotton so cheap that it is going to drive the peon and slave labor of foreign countries out of cotton production. God knows if such a thing is done, in the doing of it we will pauperize and make destitute the cotton farmers in the South.

But, Mr. President, I wish to discuss the statement of Secretary Wallace that we are liable, under our program, to get the price of American cotton out of line with the world price level. What is the world price level? I have demonstrated it here. The charts show it. The world price for American cotton is largely made in Liverpool, as all persons familiar with cotton understand. Take the price in 1936, the year just behind us. At that time we had no compulsory control program; we had no cotton-loan program; we had no price-pegging device of any kind, and the price of American cotton took its place along with the price of all the cottons of the world, the others following, as I have said, the price of American cotton. And we received not 5 cents or 4 cents, as we did in 1931 and 1932, with terrible surpluses bearing down and affecting the price of our cotton just as it is doing today. We got rid of those surpluses gradually; as we got rid of them, the price of our cotton rose, by the rules of international trade and price fixation, of its own accord, and went up to nearly 12½ cents a pound. Those who are interested in the matter will find that we exported more cotton last year, with a price of 12½ cents a pound, than we did in the preceding year with a price about 8 cents lower.

Mr. CONNALLY. Mr. President, will the Senator yield right there?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. Let me ask the Senator is it not true that until the estimate of the Department of Agriculture showing the large yield for the present crop year the price of cotton was still about 14 cents a pound?

Mr. BANKHEAD. It dropped just before the estimate that was issued because the public anticipated the trend. The price went up last year to nearly 14 cents a pound.

Mr. CONNALLY. But for the abnormal crop in the United States, regardless of foreign production, we would get from 12 to 14 cents for our crop of this year.

Mr. BANKHEAD. That is true, and the records so show.

Mr. CONNALLY. But when the estimate, not of Egypt, not of Brazil, not of India, but the estimate of the United States, issued by the Department of Agriculture, was announced the bottom dropped out.

Mr. BANKHEAD. The Senator is exactly correct.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. LEE. I take it that the Senator's attitude is that we ought to cut production in the United States sufficiently, since it is such an important factor in the world market price to control the level of the market price.

Mr. BANKHEAD. I think if the Senator really understood what is involved in our cotton program he would realize that nobody wants to cut production.

Mr. LEE. We do not want to do so, to be sure, but we are providing for it in the pending bill.

Mr. BANKHEAD. We have no intention of cutting production or of cutting acreage for production purposes except for two things, one of which is to reduce abnormal and

price-depressing surplus which is nearly sufficient for 2 years' supply, and is such as we had in 1932—

Mr. LEE. For what purpose?

Mr. BANKHEAD. Wait a moment. Do not interrupt me when I am trying to answer the question. I will give the Senator an opportunity when I answer it. We are proceeding along the same line that we pursued in 1932 when the present administration came into power and found a surplus of 13,000,000 bales of American cotton in the warehouses of the world, and the price went down to 6 cents a pound. We proceeded gradually by legislation, and in 1934 by compulsory control, to bring down that surplus gradually. We did not undertake to do it all at once; we did not undertake to have a year's recess in the production of cotton, as some of our leaders proposed and campaigned for; but we went about it in a gradual way so as to disrupt, as little as possible, the labor conditions, so as to disrupt and disturb, as little as possible, the trade conditions based upon the volume of the production of cotton. Finally, by going about it in that way, as it now has become necessary to go about it again as we conceive, the price of cotton went on up from 6 cents a pound and reached about 14 cents a pound, and, as I have just stated, at that high price, the highest since 1929, I think, we exported more cotton than we exported when the price was lower.

Mr. LEE. Mr. President, will the Senator yield now?

Mr. BANKHEAD. Yes; I yield.

Mr. LEE. The purpose of the committee bill, as I understand, is to reduce the production of cotton until we raise the price of cotton.

Mr. BANKHEAD. Does not the Senator want to raise the price?

Mr. LEE. Yes.

Mr. BANKHEAD. Very well. Then, what is the Senator complaining about?

Mr. LEE. I do not want to cut down production so as to raise the price artificially and lose the world market.

Mr. BANKHEAD. Does the Senator allege that adjusting the supply to fit the demand is an artificial raising of the price of cotton?

Mr. LEE. Yes; when we adjust it only in the United States. If all the foreign countries that raise cotton were likewise put under the reduction, a different condition would prevail, but we are in the position of reducing, for instance, if I may use this example, all the States except, say, Texas, and letting Texas produce the full amount of which she is capable. Thus we are putting at a disadvantage those States whose acreage is reduced and allowing the States whose acreage is not reduced to benefit by it. So we are placing the United States at a disadvantage by reducing her production and allowing the rest of the world to profit by it.

Mr. BANKHEAD. That is a view so provincial that I do not care to follow it further at this time. I have explained that the basis of the Senator's argument is unsound because a change in the price of our cotton changes the price of other cottons, and we are interested only in our own price.

Let me invite the attention of interested Senators to the immediate, present, current effect of reducing the price of cotton to a starvation point as it affects exports of our cotton. For 4 months of the present year, July, August, September, and October, the price of cotton has been reduced from around 14 cents a pound, the average price last year having been 12½ cents, down to 7½ cents on the average. I think the average really would be below that, but let us be liberal and say it was 7½ cents. According to the idea of some of our friends, that should have caused the chartering of all the available ships in American ports and cabling for more ships to carry cotton across the ocean. According to their idea, if we would only cut the price, we would reduce the earnings of our farmers sufficiently to enable them to compete with foreign pauper labor, and we would unload our warehouses of this large quantity of American cotton.

They forget, it seems to me, in the first place, that the demand for manufactured cotton in countries which were formerly our large customers for cotton, has been greatly reduced, not only by the use of substitutes in the form of rayon, which alone accounts for 760,000 bales, and fibers, but also because of the loss of textile business, just as we have had a loss in the raw-cotton business. Did a 5-cent reduction bring a rush of foreign business? Did 7½-cent cotton bring it about? If any Senator from a cotton State is willing to rise here and say he is satisfied with a price of 7½ cents a pound for cotton farmers in order to increase exports, I hope he will rise now and make his position known.

I have pleaded with those who talk about a reduced price in order to increase exports to tell me frankly, sincerely, and honestly how low they want to bring the price of American cotton. I have begged them to tell me how low they think we will have to put the price in order to get back the 2,000,000 bales which we formerly exported in the days of world prosperity. I can get nothing but generalities. I cannot get specifications anywhere. I cannot find anyone who is willing to face his farmer constituents, or to rise here in his place as he would if he were at home, and say that the price of 7½ cents is all right if it enables us to get back some foreign business. If it does not do that, then the idea seems to be to bring the price still lower. I want to see the man who takes that position. We cannot deal with the problem unless we deal with it frankly, unless we are prepared to fix an objective.

Everyone familiar with cotton knows how to drive the price down. We know how low it can be driven and how to do it. We know that a slight increase in the carry-over will bring down the price of cotton. If it is desired to bring it down to 5 cents, and our consumption stays at 13,000,000 bales, then all we have to do is to produce 15,000,000 bales and we will drive the price of cotton down 2 cents more per pound. Let those who are anxious to get the foreign markets even at the cost of starvation and suffering of the cotton farmers of the South, rise and make their position known. Every merchant, every doctor, every banker, everybody in the South, with one cash crop in the South, is dependent upon the volume of money that comes to the South through the sale of her cotton and cotton textiles; but if the price of cotton is pulled down further the people of the South will be bankrupted.

The prize of getting back a market for 1,500,000 bales of cotton, or possibly, 2,000,000 bales, is dangled before us and is still advocated here, and Secretary Wallace seems to be the leading advocate of pulling down, down, down the price of American cotton, toying with the possibility of a foreign market for some additional cotton.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. Certainly.

Mr. McNARY. I find myself much in sympathy with the position of the able Senator from Alabama. When Secretary Wallace's letter was read I made this note:

The cotton market quotas would be used to fix the supply held in America, though the price would be out of line with the world price.

That is the subject the Senator from Alabama has been discussing. I recall it is provided in the bill that the supply to be carried over is to be equivalent to domestic needs plus exports, which, in fact, means the total supply of cotton for that particular year.

Mr. BANKHEAD. That is true.

Mr. McNARY. Bared of all the verbiage of the Secretary, he simply means 35 percent of the annual current yield is not sufficient. Let us take this illustration: This year 18,000,000 bales of cotton have been made.

Mr. BANKHEAD. That is true.

Mr. McNARY. Under the language of the bill, 35 percent of that would be—

Mr. BANKHEAD. No; 35 percent of the supply. Take the annual consumption plus domestic consumption plus

exports, and 35 percent is approximately 5,000,000, which would give 18,000,000 bales.

Mr. McNARY. The language, as I recall it, is the average yield plus the exports.

Mr. BANKHEAD. No; the Senator is in error. It is the annual basic consumption.

Mr. McNARY. Very well, though I think it comes out the same way. We have heard it said in years gone by that we consume about 45 percent of the average year's cotton crop; that about 55 percent goes to foreign markets. If that interpretation is placed on the bill and we need 35 percent, we would keep a year's normal supply, because that is domestic export plus domestic requirements.

Mr. BANKHEAD. The Senator is in error. We would have 18,000,000 bales, which constitutes the American consumption plus the exports, which amounts to about 13,000,000 bales plus 35 percent of that amount. The 35 percent is carry-over.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. SMITH. I think if the Senator understood exactly what the Secretary is asking for, he would realize that it amounts each year to an 18,000,000-bale production.

Mr. BANKHEAD. If we add the 15 percent, he is asking for 21,000,000 bales.

Mr. SMITH. I am making my statement based on what was suggested in the committee. He is asking for an even-normal-granary principle to be applied, with 13,000,000 bales for domestic and foreign consumption, with a 35-percent carry-over for lean years and otherwise, which makes 5,000,000 bales. Added to 13,000,000 bales, that makes 18,000,000 bales, so that this year's production is not abnormal, according to his figures.

Mr. McNARY. Under the terms of the bill before us, what would be this year's carry-over under the language specified?

Mr. SMITH. It would be 18,000,000 bales.

Mr. BANKHEAD. I think the Senator has the wrong starting point. We have an abnormal carry-over which we are trying to reduce, as the Senator understands. If we were upon a normal basis and had the carry-over brought down to around 5,000,000 bales, then our objective would be to produce, say, from 13,000,000 to 13,500,000 bales a year, because for 10 years during the high tide of prosperity that has been the annual world consumption of American cotton. After we have the carry-over adjusted to a normal point, then, of course, we want to produce each year all that the world will buy of our cotton at the world price, without any effort at price fixation.

Mr. McNARY. In the Senator's opinion, based on this year's production, what would be the carry-over under the provisions found on page 33?

Mr. BANKHEAD. It would be 11,000,000 bales, perhaps 12,000,000 bales. The carry-over this year depends upon whether or not consumption is maintained at the same rate as last year. Last year we had a world consumption of 13,000,000 bales. If we have a world consumption of 13,000,000 bales again, we shall have a crop of 18,000,000 bales, plus a carry-over last August of 6,000,000 bales, making 24,000,000 bales to furnish a consumption of 13,000,000 bales, which, of course, leaves a carry-over of 11,000,000 bales last August when the crop first started to market. We are apprehensive, however, that even that is too conservative. Of course consumption in this country is very much off at this time. The mills are running rather slowly, as I have definite information; so it is possible that instead of having 11,000,000 bales carry-over we shall have a 12,000,000-bale carry-over to meet a 12,000,000-bale consumption, which would mean 2 full years of cotton production to meet 1 year's consumption.

Mr. McNARY. The able Senator from Alabama aggravates my mental condition. I had figured that the carry-over would be the enormous sum of 7,000,000 bales.

Mr. BANKHEAD. It will be at least 11,000,000 bales, even larger than the Senator from Oregon thinks.

Mr. McNARY. That is still worse.

Mr. BANKHEAD. Yes.

Mr. McNARY. I am quite in accord with the Senator that if that much cotton is carried over, it will destroy the domestic market.

Mr. BANKHEAD. Yes; it will destroy the farmer.

Mr. McNARY. And what is strange to me is that the Secretary of Agriculture should complain about the carry-over of 35 percent of the domestic consumption and exports.

Mr. BANKHEAD. In addition to that he wants 40 percent, plus 15 percent more. He wants about 60 percent. He wants 15 percent of the regular consumption, plus a carry-over of 5,000,000 bales, and then he wants 15 percent of the 18,000,000 bales, which will run it up to 21,000,000 bales. Then he figures that the granary will be running over just a little. He cannot do anything about it until it runs over.

Mr. McNARY. The truth of the matter is that now, after we have debated this problem for 2 weeks, the Secretary of Agriculture is suggesting a carry-over to take care of domestic requirements for a period of 2 years without any cotton being produced.

Mr. BANKHEAD. That is true, I am sorry to say, and that is the reason why I am speaking now. I do not like to have to do it; but my duty to my people is paramount to my duty to Mr. Wallace or to the administration or to anybody else, because I know as well as I know I am looking at the distinguished Senator that the prosperity of the whole people of the Cotton Belt depends upon their ability, through machinery which Congress may provide them, which they do not now have, effectively to adjust the supply of their cotton upon a business basis to fit the efficient demands of the world for American cotton.

We have in this bill a declaration of policy—that it is the intention of the United States to produce and maintain at all times an adequate quantity of cotton to supply all purchasers anywhere in the world with the grade and staple of cotton they want, the quality they want, at a price not above the world price. That is a declaration which is contained in the bill. The Secretary has power to administer the bill. Under its terms he may suspend its operation if he thinks emergencies require it. If, at any time, it shall appear that more cotton is needed, he has the right under the bill to suspend its operation. So, it seems to me strange that our highest official in agriculture should deliberately proclaim, in a formal letter to the authors of the bill, that our program of maintaining the supply I have indicated is likely to put the price of American cotton out of line with the world price.

Let us see what has been the average carry-over. What right has the Secretary to make that statement, upon the basis of the records of the past? During the pre-war period, when we had parity prices, what was the carry-over?

We all know, all students of the subject and economists know, that the relation of supply to demand is the chief factor in the price of any current usable agricultural commodity. That statement does not apply to lands, which have speculative values for the future, nor to stocks, where investors differ in their opinions, and, as a result of that difference, trade, looking to the future. But when we are dealing with a commodity that is produced currently, that is to be consumed currently, that is to go out of existence within a reasonable time, the two main factors that affect the price, and probably the only two of any consequence, are the relation of the supply to the demand, and the normal flow of business. Assuming no great or substantial change in economic conditions and the purchasing power of the consumers, those two factors fix the price.

Mr. McNARY. Mr. President, will it disturb the Senator if I ask him some questions for information?

Mr. BANKHEAD. No; the Senator will not disturb me.

Mr. McNARY. Has the Senator estimates of the carry-over of cotton between 1909 and 1914?

Mr. BANKHEAD. Yes; and I am going to give them to the Senator right now.

The average carry-over from 1909 to 1914, when we were producing more cotton than we are now normally producing, was 3,160,000 bales for that 5- or 6-year period. The average carry-over from 1915 to 1920, during the war—when, as we all know, there was a great demand for cotton from foreign countries and big crops—was 5,510,000 bales. The average carry-over from 1921 to 1930, just before the depression—before we had these great surpluses piled up, which I did not think it was fair to include, but I went right up to them—was 5,402,000 bales.

So Senators who have inquiring minds, candidly seeking the truth of this matter, will promptly recognize that during all of these periods of high consumption of American cotton—during the period of war and during the post-war period of inflation and high purchasing power—the average carry-over of about the amount proposed in the bill never put American cotton out of line with the world price of cotton, as is now feared by Secretary Wallace.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BYRNES. In the bill which has been heretofore referred to as having been prepared by the Department of Agriculture and submitted to the committee for consideration last summer, was there provision for compulsory control of cotton?

Mr. BANKHEAD. The Senator refers to the original bill?

Mr. BYRNES. The original bill which has been referred to as having been drafted in the Agricultural Department and submitted to the committee.

Mr. BANKHEAD. That bill contained the same sort of provision about cotton that there is for wheat and corn in this bill. After the cotton had been produced, the quantity was larger than in this bill. The authors of the pending bill have cut down the granary from the size that was originally proposed to them on wheat and cotton.

Mr. BYRNES. I certainly am confused. It was my impression, certainly from the press stories at the time, that the Secretary was advocating compulsory control that would reduce the carry-over; and the farmers of the South have had the impression that that was what the Secretary was advocating.

Mr. BANKHEAD. I so understood, too; but I was very reluctant to believe it, because of personal contacts with him in the past on that subject which I am now going to relate.

I am not surprised at this statement, because, frankly, the Secretary never has been in favor of adjusting the supply to the demand in agriculture. I suppose he accepts that doctrine in industry, but he has not done it through compulsion, through effective laws, in agriculture.

In the fall of 1933 the Secretary came to Birmingham to attend a farmers' meeting. It was a very large meeting, some six or eight thousand farmers being present, with a large delegation from every county in the State. The roll of counties was called and the representatives were requested to stand. After the Secretary had made a very able address, a farmer took the platform and offered a resolution. It will be recalled that at that time there was a surplus of around 13,000,000 bales and a very low price. This farmer offered a resolution favoring the passage by Congress of a measure to control by compulsion at the gin. The farmers would have gone even so far as to prevent the ginning of cotton in excess of the allotted quantity. The resolution was put to a vote. I was on the stage but no speech had been made there advocating the program. No one had spoken except Secretary Wallace. The question was put, and apparently every man in the audience rose and there never was such a clamor of cheering. A monster demonstration was given in favor of the adoption of the resolution. I did not have anything in the world to do with the matter. I was there looking after Secretary Wallace, trying to entertain him. I had hoped that the demonstration would indicate to the Secretary the sentiment of the cotton farmers as to this age-old law of supply and demand, and would indicate that they wanted machinery

under which they themselves could apply that business rule. But apparently it did not.

The Secretary returned to Washington and when I arrived in Washington I went to see him. A bill which came, as I have said, from the cotton rows of the South was introduced in the House by my brother, the present Speaker, and introduced in the Senate by me, having for its purpose the allotment of a fixed quantity of cotton ultimately to each farmer under the system, and to effectively enforce it by the penalty of a tax of 75 percent upon any cotton sold in excess of the allotted amount.

I later went to see the Secretary about the matter. He said, "The economics of it are sound," but he was afraid of farmer resistance. He felt that possibly the vote in Alabama was due to local leadership or local influence, and that it did not represent the sentiment throughout the Cotton Belt.

Finally, seeing that I was not likely to get his support for the measure, I proposed to him that he take a test vote, not, of course, of all the farmers, for he could not do that, but of a cross section, by sending out a large number of questionnaires. I proposed to him that if the answers did not come in two-thirds in favor of a compulsory control program, I would abandon the effort at that time.

After considerable discussion the Secretary finally agreed to do that. I suppose he thought he would get rid of me and my persistence about the matter, so, as he testified—and I have the hearings before me—he sent out about 40,000 questionnaires all over the Cotton Belt, including nearly 30,000 crop reporters, regularly selected representatives in the Cotton Belt, chosen by the Department of Agriculture. Of course the questionnaire did not indicate in any way the attitude of the administration, because the Secretary was not favorable. He merely sent out the questionnaire.

When the answers came in, it developed that the average of more than 30,000 answers was 95 percent in favor of the compulsory-control program. A statement then was mailed to every Senator from the Cotton Belt and to every Representative, showing in detail the vote in every congressional district throughout the Cotton Belt.

I thought surely the Secretary would go along then; but he did not. When he went before the committee in the House he said, "Well, if the people want a king, I will give them a king." That is about all they could get out of him.

What happened? How did Congress get along with the Secretary of Agriculture taking that position?

Mr. LEE. Mr. President, will the Senator at this point allow me to read a paragraph from a letter received this morning relating to compulsion?

Mr. BANKHEAD. No; not now. I should like to have the Senator do that later, but let me finish at this time. I do not care to have some individual in the Senator's State or in some other State interrupt my statement.

Mr. LEE. This represents a meeting in Oklahoma.

Mr. BANKHEAD. The Senator can put the letter in later.

This matter went to President Roosevelt in connection with the pendency of what became known after its passage as the so-called Bankhead cotton-control law. I shall not go into how it went to the President, but I was there, and Secretary Wallace was there. At any rate, the President sent to the senior Senator from South Carolina [Mr. SMITH], chairman of the Senate Committee on Agriculture and Forestry, and to Mr. MARVIN JONES, chairman of the House Committee on Agriculture, a letter dated February 16, 1934, which I will read:

MY DEAR CHAIRMAN: As you know, I have watched the cotton problem with the deepest attention during all these months. I believe that the gains which have been made—and they are very substantial—must be consolidated, and, insofar as possible, made permanent.

Listen to this:

To do this, however, reasonable assurance of crop limitation must be obtained.

In this objective the great majority of cotton farmers are in agreement.

The test had then been taken.

I am told that the present poll by the Department of Agriculture shows that at least 95 percent of the replies are in favor of some form of control.

My study of the various methods suggested leads me to believe that the Bankhead bills—

Which were the same, exactly, one in the House and one in the Senate—

that the Bankhead bills in principle best cover the situation.

And there is a copy here in the cotton program portion of the pending bill substantially of the Bankhead bill of that time, except as to the basis of allotment to the individual farmer. The President said, further:

I hope that in the continuing emergency your committee can take action.

(Signed) FRANKLIN D. ROOSEVELT.

The bill then was brought out by the committees and passed by both Houses of Congress, after full discussion and debate in both Houses. It was discussed upon the floor here day after day, was assailed by some of the ablest men in the Senate, was assailed by some who later, when the matter of potatoes and tobacco came before us in the same form, were not so vigorous in their opposition. At any rate, the bill was debated with ability. No one can question that ability as great as was ever exhibited on this floor took place in opposition to the bill. But the bill passed both Houses, it went on the statute books, and it went down to the farms.

Whatever one's estimate of our great President may be, he said in a public statement at Warm Springs that the Bankhead cotton law had been the salvation of the Southern States. The limitation of production, the move toward reducing the burdensome carry-over, started the price up, and it went on up until the South was in better condition 2 years ago, and possibly last year, than it had been in since the Civil War.

The price was not high enough, of course, but the little country banks all over the South were filled with money. It was not the money of the banks, but the money of the farmers, and the little merchants, and others in the rural counties. They piled their balances up in the city banks and they piled them up in the Federal Reserve until the balances became so unwieldy they alarmed the Federal Reserve Board.

A question arose that fall as to whether the act should be continued. The first year we had had no direct referendum. It was late, and we knew the attitude of the farmers from the test vote, so we put the law into effect the first year, and then had a referendum, as we have provided in the pending bill for a referendum.

I read here last Monday the result of the vote in the fall of 1934 on the continuance of the act after 1 year's trial under the law. With all the delays incident to putting such a big piece of machinery into that broad area, and on more than 2,000,000 farms, with all the delays and all the irritation, with the dissatisfaction growing out of allotments on the basis then employed, when the farmers went to the polls to vote, the returns came in 89.5 percent, nearly 90 percent, in favor of a continuance of the law. Nearly 90 out of every 100, with a million three or four hundred thousand voting, were in favor of a continuance of the law.

Permit me to say that my information was, both from personal contact and from talking with officials of the Department, that the tenants in the South were more enthusiastic and more determined to continue the program than were the landlords, because the tenants' chief cash crop is the cottonseed. They get all the cottonseed as a rule. That is the system. The landowner may get half the lint, but the tenant gets all the seed. Under this program the price of cottonseed went from \$8 to \$40 a ton, and it made those poor tenants very enthusiastic for the law. I never spoke to an audience more enthusiastic than an audience of more than 3,000 Negro farmers at Tuskegee, Ala. They gave me the greatest demonstration of personal esteem I ever received anywhere.

They acted as though they were at a camp meeting. They rejoiced. They were in the best shape they had been in for years. They received big money for their cottonseed, as well as receiving a better price for their cotton than they had received for several years. So that element, from one end of the Cotton Belt to the other, went to the polls and voted to continue this business program. They were not concerned with the theories of economists about the doctrine of scarcity. They were concerned with a living income, and they were nearer having it at that time than they had been for some years.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. LEE. I remember that vote, and the farmers were confronted with a question of this kind: "Do you favor the Bankhead bill or no aid at all?" They did not have a chance to vote as between that and the domestic allotment or some other plan. It was that or nothing. That is the same thing that is provided in the referendum in the present bill.

Mr. BANKHEAD. Yes; and that is about what the farmer gets now—this or nothing.

Mr. LEE. Does the Senator believe that if the farmers of the United States had the two propositions put before them, of this strict control bill or parity without control, the vote would be favorable to the control bill?

Mr. BANKHEAD. Does the Senator think a child likes candy? That question is just as fair as the one he asks, because what farmer would not hold out his hands if the Government or somebody else was filling them with enough money coming from the taxpayers to bring the price of his commodity up to parity? It would amount to a gratuity at the expense of the taxpayers. Of course, that is not a fair alternative to submit to me or to the farmers, either.

Mr. LEE. Does not the Senator propose to give the farmer a benefit? If so, who pays for it under his plan?

Mr. BANKHEAD. I propose to give a benefit.

Mr. LEE. Who pays for it?

Mr. BANKHEAD. The Senator knows where this money comes from.

Mr. LEE. From all kinds of people.

Mr. BANKHEAD. At a later time I am going to discuss how it is proposed in the Senator's bill to treat cotton as compared with the other commodities, and I hope the Senator will withdraw the cotton provision before we get through with our discussion of it. I shall not take time to speak of it now.

Mr. President, that is about all I wish to say at this moment. I am not surprised at the position taken by Secretary Wallace. I like him personally. I think he is a very fine man. I think he is perfectly sincere. I think he is honest. But I do not think he knows anything about cotton. I do not think he has the right to try to impose his will with respect to this subject on the representatives of cotton who have lived with the subject all these years.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McNARY. Will the Senator advise me what interpretation he places on the language of the Secretary of Agriculture in his letter discussing this important phase of the problem? Does the Secretary mean that he thinks 35 percent is too high a quota, or does he mean that he does not want any quota on cotton?

Mr. BANKHEAD. As I understand the letter, I think he wants one, but he wants it so big that it will not do any good. In respect to cotton, he wants a granary similar to the one he has with respect to wheat and corn. He wants it running over. The quota is there now. According to what he has suggested and what the original bill suggested, we have not only the 21,000,000 bales that it leads to, with an 8,000,000-bale statutory fixation in the carry-over, but we have 24,000,000 bales. We are away over the quota.

Still I do not hear anyone present a program for next year except those of us who are trying to look after the interests of the farmers. I do not hear anyone in the body on the other side of the Capitol present a program for next year.

The bill under discussion at the other end of the Capitol does not give the cotton people any program at all for next year. I do not know whether or not that Chamber is under the influence of the Department or of Secretary Wallace, but I know that is the situation over in the House. Our farmers are abandoned during 1939 under the program they have before them, which, although I do not know, I suppose was prepared under the advice of the Department of Agriculture, headed by Secretary Wallace.

Mr. McNARY. Mr. President, when the Senator shall have concluded that subject, I desire to ask another question.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BYRNES. I share in great measure the Senator's views about this subject. I wonder if the Senator is correct in his interpretation of the Secretary's letter and if he has the letter before him—

Mr. BANKHEAD. Here it is.

Mr. BYRNES. I wonder if he will call attention to the language of the Secretary which caused him to express the view he has expressed.

Mr. BANKHEAD. The Secretary sets forth his position in more sentences than one and expressed it to the newspaper reporters besides, that we were not making allowance for enough cotton; that we were too restrictive; that we ought to have a bigger supply in order to retain the world markets of cotton. There is no question about that being his position; the Secretary will tell you so if you call on him; and I resent it.

Mr. McGILL. Mr. President, will the Senator yield to me for a moment?

Mr. BANKHEAD. I yield.

Mr. McGILL. Earlier in the Senator's remarks the situation was called to the attention of the Senator by the Senator from Texas with reference to the price of cotton before this year's yield had been determined and announced. In a similar manner I should like to have his attention called to the facts regarding wheat. I am more familiar with the wheat situation.

Prior to the announcement of the estimated yield of wheat for this year, along about the 1st of July, wheat in Chicago was selling on the market at approximately \$1.30 per bushel. On the 1st day of July we had approximately 90,000,000 bushels carry-over. After it had been announced that our yield for this year amounted to 886,000,000 bushels in the country, wheat dropped from \$1.30 at the 1st of July to approximately 90 cents now. Is not that the same situation as has been mentioned with regard to cotton? Is it not the surplus that has caused that drop in price?

Mr. BANKHEAD. Yes.

Mr. McGILL. Very well. We can hope to export only about 50,000,000 bushels. Some persons in the Department think we can export 100,000,000 bushels; but normally since 1930, if I am not mistaken, we have exported only 30,000,000 to 35,000,000 bushels of wheat annually. We shall consume domestically in this country and dispose of through export approximately 678,000,000 bushels of wheat—we shall sell on the domestic and foreign markets approximately that much, but not to exceed 700,000,000 bushels—which will leave a carry-over of something like 250,000,000 bushels on the 1st day of July of next year.

Under the bill as proposed by the committee, the farmers would have the right to vote a marketing quota when we have 825,000,000 bushels of wheat on hand. It has been my contention that if a low price exists, and there is that quantity on hand, the farmers should have a right to a quota. Under the proposal of the Secretary, as stated in his letter, they would not even have a right to vote as to whether they should have a marketing quota until they had 907,000,000 bushels on hand. I call the importance of that situation to the attention of the Senator.

Another thing that has been argued considerably, and I do not care to say much about it, is with reference to hearings. The Secretary recognizes that hearings have been had on this bill, and it ought to be recognized that we have had hearings about it. The committee were directed to give

special consideration to it. After having done so it was the committee which made these amendments; and I feel that the majority should concur in the viewpoint taken by the Senator from Alabama [Mr. BANKHEAD] that unless the farmers shall have a right to control their marketing system when there is an abnormal surplus on hand, they will not have been dealt with justly at the hands of the Government.

Mr. BANKHEAD. Mr. President, I am glad to have that splendid contribution.

I mentioned the difference in exports for 4 months of last year, compared with the same period this year, but I never did have an opportunity to give the figures because of a diversion created in some way. The figures are for August, September, October, and November of 1936; that is, the first 4 months of that marketing year. The total exports for that period were 2,303,000 bales. For the same 4 months this year, with the price, as Senators know and as has been stated, down to 7½ cents a pound instead of 12½ cents, as it was last year, the total amount of export was 2,456,000 bales, or an increase of only 153,000 bales. Of course, the loss in income and the reduction in the amount of money brought from foreign lands on those exports is tremendous, and out of all proportion to the small increase in exports.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BAILEY. The Senator is giving us some very interesting data on exports. I should like to have him place in the Record, if he has the data, a statement of our exports of cotton since 1930, by years.

Mr. BANKHEAD. I shall be glad to do so. I have the data in my office. The Senator suggested the figures since 1930.

Mr. BAILEY. Can the Senator furnish figures going back as far as 1920?

Mr. BANKHEAD. I shall be glad to get the figures and place them in the Record.

Mr. BAILEY. I believe they would be valuable.

Mr. BANKHEAD. I am going to close in a few minutes. But let us consider the return from the 1936 crop as compared with the probable return from the 1937 crop, because it has been argued here that price does not always indicate the volume of money received by the farmer. It does not, it is true, for it is necessary to take into consideration the yield; but the price can be so variant that a small crop will produce much more than a larger crop. Let us take the 2 current years. Of course in the case of cotton we include cottonseed. We all know that with fewer bales of cotton and with fewer pounds of seed the price goes up.

For 1936 the farm value of cotton was \$760,386,000. The value of the cottonseed, at the average price per ton, was \$195,195,000, making a total of \$955,581,000 received last year on a 12,400,000-bale crop. Now, on an 18,000,000-bale crop, 6,000,000 bales more than were produced last year, including all the costs for ginning and picking that 6,000,000 bales more, with an increase of about 4,000,000 acres planted to cotton and the labor upon that 4,000,000 acres, and, of course, with an equal acreage not available for the growth of food and feed crops—with all those differences, with this year's crop at 7½ cents, the 18,000,000-bale value would be \$675,000,000. With cottonseed at \$20 a ton—and I have never heard of a ton selling for more than \$18, but I put it at \$20 to be liberal—that would bring \$126,600,000, or \$801,600,000 for the 18,000,000-bale crop, as compared with \$955,000,000 for a twelve-and-a-half-million-bale crop, a difference in favor of the twelve-and-a-half-million-bale crop of \$154,000,000. And even with that difference in the price we exported more last year than we did the year before, when the price was cheaper, and it looks as if we will not export this year, with a very cheap price, as much as was exported last year. So there is the difference right here currently with us in our recollection of last year and this year—not counting all the incidental elements—a difference in dollars and cents of \$154,000,000 in the return to the farmers.

Mr. President, there is one other suggestion I desire to make, and then I am going to conclude.

Mr. GEORGE. Did the Senator include in the figures the benefit payments in either year?

Mr. BANKHEAD. No; the same amount was paid, and the figures for the 2 years offset each other, so I did not put them in.

Mr. McNARY. Mr. President, would the Senator, who is so familiar with matters pertaining to cotton, rather conclude before I propound a question?

Mr. BANKHEAD. I have just one other statement and I will be through.

Mr. McNARY. Very well.

Mr. BANKHEAD. I have a statement here, Mr. President, which I ask to have printed in the Record at the end of my remarks, which shows the loss of exports of barley, corn, oats, rice, rye, wheat, and hops, which are the agricultural commodities.

The PRESIDING OFFICER. Without objection, the statement will be printed at the conclusion of the Senator's remarks.

Mr. BANKHEAD. In order to get the average exports of all these items I took the 10-year period from 1920-21 to 1929-30, before we had the depression, before we had the Smoot-Hawley law, and before we got into international trade troubles. Then I compared the exports for that period with the exports for 1935-36. The figures show, Mr. President, that in the case of cotton there was a reduction in exports of 31 percent compared with the 10-year average exports. In the case of the other commodities the loss runs up as high as 98.4 percent. That was the percentage in the case of corn, including cornmeal. In the case of wheat the loss in exports was 93 percent. Think of it! A loss last year of 93 percent as compared with the 10-year average of exports.

In the face of that record we hear earnest, insistent argument that the comparatively small loss of exports in the case of cotton is the result of the farmers getting somewhere near a decent price compared with what they used to get. The loss in cotton exports, as I have said, was 31 percent, while in the case of corn the loss ran up to 98.4 percent; in the case of wheat, to 93 percent; in the case of rye, to 99.7 percent. Previously all these commodities enjoyed very substantial exports, as will be seen from reading the statement.

So, I submit we ought to deal with this matter in frankness and in candor. Let us look at the record, let us not jump at conclusions and simply because we have lost some exports say, "Yes, we lost them because we had production control."

Mr. CONNALLY. Mr. President, will the Senator yield there?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. As I understand the Senator's bill, however, it is not subject to the charge made by some Senators, that it undertakes to regulate the price entirely by reduction of acreage. It does tend to reduce acreage and production, and, therefore, to lift the price, but, at the same time, the Senator still further recognizes the tariff difficulties of agriculture and gives the farmer the parity payments which to the farmer amounts to an enhancement of his price but does not enhance the price of the commodity when it is exported abroad?

Mr. BANKHEAD. Not at all.

Mr. CONNALLY. The foreigner still has—

Mr. BANKHEAD. The foreigner fixes the price; he establishes it over there.

Mr. CONNALLY. He still has the opportunity to buy it in the world market.

Mr. BANKHEAD. That is correct.

Mr. CONNALLY. But the farmer gets the world price, and, on top of that, gets the benefit payments in the form of parity or whatever the money available will allow. So he is getting more than his product will bring on the world market alone.

Mr. BANKHEAD. That is correct.

Mr. CONNALLY. So there are two angles to the Senator's theory and two angles to the Senator's bill? Is that correct?

Mr. BANKHEAD. That is correct.

Mr. LEE. Mr. President, will the Senator yield there?

Mr. BANKHEAD. If the Senator will let me put one other thing in the RECORD before he interrupts, then I will yield.

Mr. President, I wish to take the liberty, because of the position taken by Secretary Wallace on the subject of supply and demand, to refer to the President, without quoting anything he said to me. I went to see him after I got here in order to discuss the cotton program. While I was there, the President sketched this little drawing [exhibiting], which manifests the almost uncanny accuracy of his recollection. I am calling attention to it because it shows his recognition of the doctrine that supply properly adjusted is the chief factor in price fixation. While we were sitting there talking he drew this from memory, without memoranda of any sort. Every figure and every line is in his own handwriting. He has the years 1933, 1934, 1935, 1936, 1937, and 1938, and has another line showing the carry-over, beginning with 13,000,000 bales in 1933; 11,000,000 bales in 1934; 9,000,000 bales in 1935; 7,000,000 bales in 1936. Under those figures he has written the price each year, showing how the price went up as the carry-over went down. He is correct as to the figures. What impressed me was the wonderful memory the man has, the wonderful grasp he has of intricate problems. I doubt if there is a Member of the Senate who could give these figures from memory with the accuracy with which the President sat down there and with his pencil wrote them.

Then he shows for 1937 a line indicating the carry-over, shooting up to 12,000,000 bales. I had figured it at 11,000,000 bales, but he may be right. If consumption falls off he will be nearer right than I have been. The price of 7½ cents is shown under that last figure.

I feel justified in presenting this chart for Senators to examine. It is an original paper that I prize. I shall not place it in the RECORD, but any Senator wishing to see it may do so. I have referred to it without repeating anything the President said, and I think I am justified in doing so in view of the fact that a Cabinet officer takes a contrary position on the subject of supply, and wants an overflowing granary because he is afraid we will get the price of American cotton out of line with the world price.

I yield now to the Senator from Oklahoma.

Mr. LEE. In regard to what the Senator said about the President, of course I concur and agree. I am persuaded that if the President approved the committee bill it was when he had the toothache.

Mr. BANKHEAD. I did not say he had approved the bill, but he does approve the principle of control contained in the bill. He has never read the details of it.

Mr. LEE. In regard to the parity payment which the Senator from Texas [Mr. CONNALLY] just mentioned as necessary to sweeten the domestic price, so to speak, he said the money would have to be appropriated or else it would be the money being expended on the soil-conservation program. If it has to be appropriated, then it would be another case of the child liking the candy. Under the substitute bill which I have introduced he would get just as much.

Mr. BANKHEAD. He would not get any more, would he?

Mr. LEE. Yes; because the cost of administration would be less and that much more would go to the farmer instead of to a horde of administrators.

In regard to the control matter, I wish to read just one paragraph—

Mr. BANKHEAD. I thought the Senator wanted to ask me a question. If he desires to speak in his own time he may do so when I yield the floor. He seems to be desirous of making an argument.

I believe the Senator from Oregon [Mr. McNARY] indicated a desire to interrupt me. I yield to him now.

Mr. McNARY. The Senator is always so candid in his judgment on agricultural matters that it is a delight to ask him a question, and I always enjoy his answers.

Mr. BANKHEAD. I appreciate the statement of the Senator from Oregon.

Mr. McNARY. A note I have made with reference to the Secretary's letter is that he proposes and advocates an equalizing or processing tax on cotton. A few days ago in a colloquy with the able Senator, he said very candidly he did not expect a parity payment on cotton this year.

Mr. BANKHEAD. I did not expect parity paid. I expect parity payments or payments on parity.

Mr. McNARY. Because it would cost between \$300,000,000 and \$400,000,000. If a tax were levied would that provide funds to make the full parity payment on cotton, in the opinion of the able Senator from Alabama?

Mr. BANKHEAD. That would depend on the size of the levy. I have not heard any specific figure mentioned. It may be the levy would go into the Treasury and I assume that if so levied it would be used for all agricultural purposes. I assume that farmers out in the country where the tall corn grows—although there is no suggestion for a processing tax on corn, but it is confined to cotton and wheat—will get a part of the money, too, if it goes into the general fund.

Mr. McNARY. I am sure the Senator does not favor a processing tax or a tariff-equalizing tax?

Mr. BANKHEAD. I do not favor any additional taxes at this time. The time may come when we shall have to do something of the kind, but I think now is a very poor time to start raising perhaps \$1,000,000,000 more by taxation.

Mr. McNARY. Does it not seem discriminatory to levy a tax on cotton and wheat and omit the tax on other commodities?

Mr. BANKHEAD. I think so. I think if we are going to have a tax on one for the general use of all, we ought to tax them all. Tax them all or tax none.

Mr. McNARY. I am glad to hear the Senator make that statement.

Mr. CONNALLY. Mr. President—

Mr. BANKHEAD. I believe the Senator from Oregon has not concluded his inquiries of me.

Mr. McNARY. I am glad to give way to the Senator from Texas for the moment.

Mr. CONNALLY. I thank the Senator from Oregon. With reference to the fear, as I understand it, expressed by the Secretary of getting cotton and wheat out of line with world prices, how can that be possible in the case of cotton? Of course, on wheat there is a tariff of 42 cents per bushel, but cotton is a commercial article with no tariff barriers, so will not the price of American cotton always be the same as the world price?

Mr. BANKHEAD. It will be the same in every country in the world as it is in America.

Mr. CONNALLY. Our price will be the world price?

Mr. BANKHEAD. That is true.

Mr. CONNALLY. Except as the price to the producer may be affected by his added bounty or benefit payment?

Mr. BANKHEAD. That is not the price. That is a subsidy to aid the price.

Mr. CONNALLY. The world price would be our price, would it not?

Mr. BANKHEAD. Absolutely, and I am astonished that the Secretary of Agriculture does not know that.

Mr. CONNALLY. The only way we could maintain a different domestic price would be by an embargo on foreign cotton and then, by some process here at home, require or command that our people use American cotton only, and supplement that with a bounty or production benefit to every cotton farmer.

Mr. BANKHEAD. That is true.

Mr. CONNALLY. But so long as there is no tariff barrier then the cotton flows as freely as water, does it not?

Mr. BANKHEAD. That is true.

I am glad now to yield further to the Senator from Oregon.

Mr. McNARY. I do not want to annoy the Senator from Alabama by too many questions because he has been on his feet now for more than an hour. However, I also note that the Secretary objects to a cotton pool.

Mr. BANKHEAD. That is a situation which does not involve the general commodity which we are engaged in discussing, but before we go into that I should like to have here a document which I do not have at the moment. I do not agree with him about that matter. I do not agree with him at all about it.

Mr. McNARY. The Senator will remember that a few days ago, when discussing this bill with the able Senator from Idaho [Mr. POPE], I recounted that a written contract or adjustment contract was required of the wheat and corn producer, but not required of the cotton producer. In his letter today the Secretary complains about that situation and states that they should all be treated alike, which entirely conforms to my judgment about that matter. If we are going to require 51 percent of the producers to set in motion and bring about an adjustment contract for wheat and corn, the same requirement should be made in the bill as applicable to cotton, rice, and tobacco. The Secretary of Agriculture distinctly specifies that there should be written contracts, which were also denounced by the able Senator as a lawyer.

Mr. BANKHEAD. I think the Senator understands that in the preparation of the entire program we did not follow the contract program denounced in the Butler case. Does the Senator want to drive us into something he thinks is unconstitutional?

Mr. McNARY. Oh, no; but I stated the other day that in the treatment of all these commodities, so far as the legal effect is concerned, the legislation should place them all more or less on an equality or parity. If we are to have adjustment contracts for two commodities, I do not see any reason why the same principle should not apply to all.

Mr. BANKHEAD. Does the Senator mean contracts?

Mr. McNARY. Yes; adjustment contracts which provide therein parity payments or soil-conservation benefits. Those are the specifications in the bill as applied to wheat and corn, but omitted as to cotton; and I called that matter to the attention of the Senator a few days ago. Probably in the haste of argument it was glossed over; but I observe that the Secretary of Agriculture has pointed out the very objections which were urged at that time, and I wondered whether the Senator at this time would be willing to discuss that subject.

Mr. BANKHEAD. Yes; I shall be glad to discuss the whole matter. In the first place, I am the author of the cotton program. I had splendid collaboration in it, but I take the responsibility for it. The Senator will observe that I followed as closely and carefully as I could the commerce clause of the Constitution. I got entirely away from the contract phase of the Butler case. Whether or not that was necessary, I do not know. Nobody knows, but it was done. What I had in mind was the constitutional phase of the matter, and whether it was necessary to require the Secretary to take a contract if he was going to make an allotment and tell the farmer how many acres he could cultivate.

That is not done in the case of cotton and wheat. In the case of cotton and wheat and corn, those who drew the bill are seeking to get at the matter in another way. This is the fundamental difference between the wheat and corn program and the cotton program:

The cotton program seeks to avoid producing any price-depressing surpluses, on the theory that whenever cotton goes through the gins and is entered upon the records of the Census Bureau, it becomes part of what is known as the visible supply; and whether it is held on the farm or put in a warehouse or put anywhere else the cotton trade knows that that cotton is in existence, and that it will be purchased at some time and at some price; so it depresses the price.

There is another reason. We have a different condition in the South than that which exists in the West. We have a

large percentage of tenants. The tenants are not in position to have their cotton impounded on the farm and carried over, as may be done under the wheat and corn program. Under the wheat and corn program the authorities wait until the granary, as Secretary Wallace expresses it, is full and running over. Then they take a vote of the farmers. They do not do it without the farmers' consent; but their procedure is, if the farmers consent, to impound on the farm a certain proportion of the crop, depending upon the size of the crop, and so forth. But they let it be produced, and then seize it or stop it, and tell the farmer he cannot sell it, but must keep it there or put it in a warehouse.

That is not a practicable plan in our section of the country. In the West they think it will work. They think it is all right. I do not know their condition; but it will not work with us, and that is the reason why we have a different program. Nearly half of our farmers are tenants. What are they going to do with their excess cotton if it cannot be sold? One of the problems we had under the old baleage allotment was the question of tenants moving; and, even if they do not move, they have not storage facilities on the farm. Conditions are very different in the cotton plantations and in the wheat and corn raising sections of the country.

Mr. McNARY. I thank the Senator for his very clear explanation of the matter.

Average exports

| | From 1920-21 | From 1920- 21 to 1929- 30 | 1935-36 | Reduction (percent) |
|--|-----------------|---------------------------------|---------|------------------------|
| Barley, including flour (1,000 bushels)..... | ----- | 29,289 | 9,926 | 66 |
| Corn, including corn meal (1,000 bushels)..... | ----- | 49,608 | 816 | 98.4 |
| Oats, including oatmeal (1,000 bushels)..... | ----- | 17,038 | 1,429 | 92 |
| Rice, including flour (1,000 pounds)..... | 303,736 | ----- | 84,529 | 73 |
| Rye, including flour (1,000 bushels)..... | 27,186 | ----- | 9 | 99.7 |
| Wheat, including flour (1,000 bushels)..... | 215,787 | ----- | 15,929 | 93 |
| Hops (1,000 pounds)..... | 14,761 | ----- | 6,349 | 57 |

Cotton:

| | Bales |
|--|-----------|
| Average exports 1925 to 1934, inclusive..... | 7,879,000 |
| Exports for 1936..... | 5,440,000 |
| Reduction, 31 percent. | |

Mr. POPE. Mr. President, in connection with the matter which the Senator from Oregon [Mr. McNARY] and the Senator from Alabama [Mr. BANKHEAD] has just discussed, I should like to read a provision of the letter of the Secretary which I think the Senator from Oregon did not quote quite correctly:

In the interests of workability, it would seem important that the entire program, including the conservation program, should treat the farm as a unit either with a contract covering all commodities or else with offers to farmers without contracts.

With reference to the matter of contracts, and the reason why they cover corn and wheat, I think it ought to be said that it is very desirable to know in advance of the beginning of the marketing year whether or not 51 percent of the farmers will cooperate in the program, as required in the bill to make it workable. Under the provision relating to offers, an offer may be made at the beginning of the year, and it may or may not be complied with, and the Secretary will not know until the conclusion of the year whether or not there has been compliance. So it seemed advisable to those who drafted the bill to require a contract so far as the sort of program contemplated for corn and wheat is concerned. Furthermore, the provisions of the contract are set out in the bill as including an obligation on the part of the farmer to store his wheat at a certain time and in a manner specified in the contract, so as to create the ever-normal granary.

It is difficult offhand to see how an offer and an acceptance at some later time, when the Soil Conservation Act may have been complied with, would be applicable to corn and wheat. I can see immediately that there would be some difficulty in administration; but I do not think that difficulty is as great as an effort to apply offers and acceptances to

the sort of program contemplated in the bill for corn and wheat. That is just the reason why contracts were provided for in the case of corn and wheat, and not in the case of cotton, tobacco, and rice.

With reference to cotton, tobacco, and rice, since a referendum will be held, and all farmers producing those commodities will be required to comply with the program, the Secretary would know that all the farmers were in the program. Therefore, no contract would be necessary. But since corn and wheat are under a voluntary program, and since carrying out the program is dependent upon whether 51 percent of the farmers cooperate, it is necessary for the Secretary to know in advance whether or not to carry on the program, and whether or not he has power to set up an ever-normal granary when the conditions provided in the bill are met.

I agree with the Secretary that it would be much better if we had a uniform plan, having all contracts, or having all offers and acceptances; but it seemed to me that it is much more difficult for us to work out a voluntary program of the sort contemplated in the bill without contracts as to wheat and corn to which the voluntary program will apply. Perhaps it can be worked out in conference, or at some other time, but it is a difficult matter to determine. I wanted to point out the reason for having contracts in the voluntary program, and the lack of necessity for anything like a contract in the program relating to cotton, tobacco, and rice.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. POPE. Yes; I yield to the Senator from Texas.

Mr. CONNALLY. With reference to the ever-normal granary, according to the figures which the Secretary submitted in his letter, I understand that he would provide about 907,000,000 bushels of wheat, and that that is more than the total annual production of wheat. Does the Senator from Idaho concur in the view that in order to have a normal granary we must have on hand all the time more than a year's supply?

For instance, while we had droughts and shortages, we never failed to make some crop and if the normal granary is to be used to protect the consumers, all that is needed is approximately enough to bridge over any unusual conditions, and feed the product out to them in periods of shortage.

Mr. POPE. Exactly.

Mr. CONNALLY. Does not that apply as well to cotton and corn and these other commodities? There is no requirement to keep on hand an entire year's production, with the carrying charges and insurance.

Mr. POPE. I think it should be said of a supply of wheat and corn, since wheat and corn crops are more subject to drought than cotton generally is, that perhaps a very substantial carry-over should be held in order to have an ever-normal granary.

That is the point on which the Committee on Agriculture and Forestry differed with Secretary Wallace. As to the original bill, Secretary Wallace was of the opinion that as to wheat there should be a 20-percent cushion, or carry-over, above the domestic consumption and export. That would constitute the normal supply. Then, before the marketing quotas could go into effect there would be an additional 10 percent. In other words, there would be a 30-percent difference between the domestic consumption, plus the export, and the point at which the marketing quotas would begin.

Members of the committee I think were somewhat divided as to whether that was the right point at which to begin the marketing quotas, but they voted to make it 20 percent. In other words, the normal supply would contain a 10-percent carry-over, and with the additional 10 percent of the marketing quota there would be really 20 percent between the domestic consumption and the export and the point at which the marketing quotas would begin.

That is all there is to the suggestion of the Secretary. He still thinks that the larger amount, 30 percent, should be in existence before the marketing quotas go into effect,

whereas the committee thought it should be 20 percent. In other words, the thought of the committee was that if the price of wheat was low and something should be done, somebody should have the discretion of doing it at an earlier date, rather than permit the accumulation of 30 percent above the actual amount needed before taking action.

I have not regarded that as particularly serious. I do not think the suggestion is a serious matter one way or the other. It is just a difference of opinion between the Committee on Agriculture and the Secretary, and the committee had full knowledge of the opinion of the Secretary with reference to that matter at the time they voted. That is the situation.

Mr. MCGILL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from Idaho yield to the Senator from Kansas?

Mr. POPE. I yield for a question.

Mr. MCGILL. I wish fully to concur with what the Senator said this morning to the effect that each and every one of the issues raised in this letter, insofar as wheat and corn are concerned, or so far as title I of the bill is concerned, was brought to the attention of the committee and was voted by the committee, and the committee had a different view from that entertained by men from the Department of Agriculture, and I assume by the Secretary of Agriculture.

I rose, however, more to ask the Senator from Idaho whether it is not true that when the first estimates with reference to production of wheat this year were announced by the Bureau of Agricultural Economics, the price of wheat immediately began to go down in the markets of this country?

Mr. POPE. Oh, yes.

Mr. MCGILL. It was the view of the committee that when the figures reached those now provided in the bill as amended by the committee, that when we obtained a quantity of 825,000,000 bushels of wheat, with the price down, the producers of that commodity ought to have the right to vote at a referendum as to whether or not the marketing quota should be imposed.

Mr. POPE. That was the view of the committee. In order to make this a little clearer, I wish to give the carry-overs on wheat during a number of years. There are no figures as to the normal carry-over or average annual carry-over from 1909 to 1914, but from 1923 on the carry-overs were as follows:

| | Bushels |
|-----------|-------------|
| 1924..... | 137,000,000 |
| 1925..... | 108,000,000 |
| 1926..... | 100,000,000 |
| 1927..... | 110,000,000 |
| 1928..... | 112,000,000 |
| 1929..... | 228,000,000 |
| 1930..... | 289,000,000 |
| 1931..... | 313,000,000 |
| 1932..... | 375,000,000 |
| 1933..... | 378,000,000 |

In 1934, under the operation of the old Agricultural Adjustment Act, the figure came down to 274,000,000. In 1935 it was 148,000,000. In 1936 it was 142,000,000. In 1937 it was 103,000,000 to the 1st of July.

Under the proposal of the Secretary, after obtaining 20 percent over domestic consumption and export, there would be a carry-over of something like 140,000,000 bushels, whereas under the committee amendment, with only a 10-percent cushion, there would be around 77,000,000 bushels. It has occurred to me that in conference, perhaps, that matter might be compromised at around 100,000,000 bushels carry-over, which is just about the normal.

I think what the Secretary states in this letter covering two or three pages is not a criticism as much as a suggestion to the Senate, or to anyone else who is interested. The amount the Secretary wants is, I would say, twenty or thirty million bushels more than the normal carry-over; and the amount the committee wants would be, perhaps, twenty or thirty million bushels less than the normal carry-over. That is the issue, and I thought I would try to make it clear.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. CONNALLY. Is it not true that the larger the amount of the carry-over, whether it is called a carry-over or a normal granary, the more pressure there always is to keep down the price?

Mr. POPE. Yes.

Mr. CONNALLY. So, if the Secretary's view is correct, there will be a heavier load, tending to decrease the price, than under the committee bill?

Mr. POPE. Yes.

Mr. CONNALLY. And consequently a larger parity payment to make up the depression that load will cause in the price. Is that correct?

Mr. POPE. That is correct. It was of so much importance to the committee that the price be kept up if possible, or, at any rate, that the Government be in position to deal with the matter of price, or deal with the matter of surplus, which will affect the price, that it was considered of more importance than carrying over a considerable amount. We thought it would not be needed.

The Secretary has a very great heart; he is a generous soul, and he is looking out for the welfare of everybody, he thinks, and I think so, too; but he has in mind the consumer, and the fact that we have had 2 or 3 drought years, when some corn had to be imported, and when more hard wheat was imported because of wheat failures in the Northern States.

That has caused him to want a larger carry-over, whereas the committee, which has been out in the field and has seen the effect of the surpluses upon the price of the commodities today, are perhaps more concerned with a price for the individual farmer.

I think the Senate, and certainly a conference committee dealing with this matter, could deal with it fairly, and it is not a serious matter.

Mr. MCGILL. Mr. President, will the Senator yield for another question?

Mr. POPE. I yield.

Mr. MCGILL. The fact is that in the last year or two there has been some shortage in what is known as durum or hard wheat. We have always imported that from Canada, have we not?

Mr. POPE. Yes.

Mr. MCGILL. Even in our years of large production, that kind of wheat has been imported into the United States.

Mr. POPE. Yes.

Mr. MCGILL. Even considering our years of drought, and everything of that character, has there ever been a shortage of wheat in this country?

Mr. POPE. Mr. President, there has never been a shortage of white wheat, the wheat which we raise in abundance. But hard wheat has always been imported from Canada to some extent. When we have a failure of our crops in the hard-wheat area, then whether or not we have a large surplus of other wheat on hand we still have large imports of that type of wheat from Canada, because it is necessary in order to supply the mills of this country. When one makes the point that we have imported, say, 77,000,000 bushels of hard wheat this year as against 20,000,000 bushels in a prior year, it does not mean a single thing. It simply means that we have not produced enough of that particular grade of hard wheat to supply the consumers of that wheat in this country.

Mr. MCGILL. One year we in the United States produced in excess of 1,000,000,000 bushels of wheat, and in the same year we imported wheat.

Mr. POPE. Exactly so.

Mr. PEPPER. Mr. President, I desire to file some amendments to the tobacco sections of the bill.

Unfortunately, very few of the commodities produced in Florida are included within the provisions of this bill. I very earnestly hope that before the conclusion of our consideration of this measure we shall incorporate in it the feature of crop insurance which shall be available to all commodities produced in substantial quantity in the United

States and that more commodities shall be allowed to participate in the benefits of the provisions of the bill, in which I hope shall be included fruits and vegetables.

At the present time, however, I am sending to the desk some amendments with respect to the tobacco sections of the bill. The effect of those amendments will fall into three categories.

The first one is to guarantee that the quota of the tobacco producers of Florida shall not in any case be reduced to a point below 80 percent of the production of tobacco in Florida for the year 1937.

The second is that at least 5 percent of the national quota shall be set aside for new producers throughout the entire country.

The third is that the Secretary of Agriculture shall make available through the appropriate local committee not less than 4 acres—or, stated in another way, not less than 3,200 pounds of tobacco—to any farmer who has heretofore or who last year produced as much as 4 acres of tobacco, or not less than the quantity that he produced over a 3-year average in case his average for the 3-year period was less than 4 acres.

The effect of the last category would be, in substance, that if a tobacco producer in the past 3 years produced, we will say, 2 acres on an average, he would be assured of not less than 2 acres in the quotas to come. If he produced as much as 4 acres, he would be assured a minimum of 4 acres; that his 4-acre average or his 4-acre production would not be reduced below that amount.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. McKELLAR. What effect would that have on the total reduction?

Mr. PEPPER. Mr. President, I will say to the Senator that I think it will develop later that this plan may be carried out without affecting at all the general scheme of the percentage of reduction necessary to meet the purposes of the bill.

Mr. McKELLAR. If that could be done, it seems to me it would be very desirable to protect the small planter of tobacco.

Mr. PEPPER. That is true; and I will say to the Senator from Tennessee that I think that can well be done. I know the Senator is interested in the same subject that I am. I will say that that matter is very important to us in Florida, at least, because the 3,200 pounds specified here will amount to the production on about 4 acres, and that is enough to justify one tobacco barn, and that will enable the small farmer to continue tobacco production.

Mr. President, our situation in Florida is quite unique, in that in the year 1933 our tobacco production was 5,000 acres, and in 1937 it increased to 13,000 acres, indicating that the trend in our State has gradually and rather conspicuously been upward. All of us know that we must protect those trends. We do not want to go back to 1932 or 1933, except to remember those years as a lesson to be avoided, in the opinion of most of us. Consequently, we do not want to penalize anyone who has been emerging from that dark era to a better day. So these amendments will assure that a State such as mine is, which has had a trend toward a greater production, shall have an adequate safeguard, and yet there will be in our case a proportionate reduction at least comparable with that prevailing throughout the entire country.

So we are very much interested in that matter, Mr. President. I will say, for the encouragement of those who are the sponsors of this bill, that not long ago at Live Oak, Fla., a very splendid meeting of tobacco growers of Florida was called by one of our distinguished citizens, Senator Fred B. Parker, of Mayo, Fla.; and under the impulse of that meeting our tobacco producers, represented by delegates from all over the State, voted unanimously for a resolution in favor of crop control. So I want Senators to know that our tobacco producers are in hearty accord with this bill.

We know that there has been a great surplus in the past. We want to reduce the acreage of production, and we want to avail ourselves of the benefits of the bill. We only want the Senate to give us fair protection, and I am sure that when the consideration of these amendments comes up we shall receive that.

Mr. McKELLAR. In other words, if I may interrupt the Senator, we do not want to go back to the starvation price of tobacco in 1932 and 1933 and preceding years.

Mr. ELLENDER. Mr. President, I desire to make a few remarks with reference to that portion of Secretary Wallace's letter beginning on page 8, and reading as follows:

Under the appropriation act of last session, the price adjustment payment of 3 cents a pound on 1937 cotton is to be made only to those producers who comply with the 1938 program. The Senate bill, in section 64j, page 82, would remove that condition.

This would probably cause considerable dissatisfaction among those who have been cooperating in these programs. Naturally, it will also reduce the extent of voluntary cooperation in the 1938 program, and will presumably make necessary either the appropriation of additional funds or the further scaling down of the proportion of each cooperating producer's crop on which payment can be made. I doubt if it is a good thing to reduce payments to cooperating farmers in order to pay noncooperators. A payment of 3 cents per pound on the entire 1937 crop would require \$270,000,000.

No one in the Senate is more desirous of helping the cotton farmer than I am, but I believe that subsection (J) of section 64 on page 82 of S. 2787 is contrary to the agreement that was made with the President in the closing days of the last session. In support of that position I invite the attention of Senators to hearings held on that question on Thursday, August 12, 1937. I may say that the hearings have not been printed, but in the reporter's transcript of the hearings appears the method that was to be followed in the payment of the 3 cents per pound on the 1937 cotton. A casual reading of the questions and answers will show that it was understood that the same method in force in 1935 would be used as the yardstick in distributing the \$130,000,000 to the cotton farmers.

I was a member of the committee that called upon the President. The Senator from Idaho [Mr. POPE] and the Senator from Mississippi [Mr. BILBO] were there, and so was Secretary Wallace. It was understood that for their 1937 crop the cotton farmers would get so much of the \$130,000,000 as would be available to give to each cotton grower the same proportionate payment as prevailed under the method used in 1935. That is why the press reports issued later indicated that the cotton farmers in 1937 would get 3 cents on 65 percent of their cotton production, or the equivalent of about 2 cents per pound on their entire production. We have but \$130,000,000 to distribute, \$65,000,000 of which is already appropriated and the other \$65,000,000 of which will be appropriated in next year's appropriation bill. To ask now that the Congress authorize the payment of 3 cents a pound on the entire production would not be in accord with the agreement entered into with the President.

Mr. BYRNES. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from South Carolina?

Mr. ELLENDER. I yield.

Mr. BYRNES. Under what language would that be done? Under what language in the bill would the Department be required to pay 3 cents a pound upon all of the 1937 crop?

Mr. ELLENDER. On page 82 of the bill, section 64 (j)—

Mr. BYRNES. I am familiar with the language; but to which particular part of it does the Senator refer? I am satisfied the Senator will not find any such provision. I believe the Senator is relying on the letter of the Secretary.

Mr. ELLENDER. No. I am relying on the language in the subsection I have just referred to.

Mr. BYRNES. Then I wish the Senator would indicate the particular language.

Mr. ELLENDER. There is no provision, I admit to the Senator, requiring the full payment of the 3 cents in the absence of a further appropriation, but as I interpret that language, Congress would be called upon to pay all pro-

ducers regardless of whether or not they participated in the 1938 program.

Mr. BYRNES. I am satisfied the Senator has not had the opportunity of studying the language. He is wrong in the first instance as to the provisions contained in the last bill.

In the case of the deficiency bill of last August, the amendment was adopted at a time when cotton was selling for 10½ cents a pound. The language of that bill was drawn with the intention that the payment should be based upon the entire crop. The amendment was drawn by me with some hesitation to accomplish that purpose, because the statement was made by the Senators who saw the President—the Senator from Mississippi, the Senator from Alabama, the Senator from South Carolina [Mr. SMITH], and others—that the President agreed to the payment of this subsidy without any reference to the 1937 crop. Because of that, from the amendment as originally drawn by me after consultation with the Department officials, I eliminated language which would have restricted the payment to the 65-percent base acreage.

Afterward, the House conferees endeavored to have that language incorporated in the bill. It was opposed by me and by the Senate conferees because of the action of the Senate. The conferees then, after 2 or 3 hours' deliberation, agreed to it in the manner in which it was enacted into law.

After the adjournment of Congress, the Secretary of Agriculture talked to me about the matter; and the Secretary stated that in view of the legislative history he thought the correct interpretation would be to pay the subsidy on 100 percent instead of the 65-percent base acreage, but that he was confronted with the fact that the amendment also provided only \$65,000,000 for this year and the following year, and that if the price of cotton went down, there would not be sufficient money to pay the subsidy on 100-percent base acreage. I told him that if there was not sufficient money, I thought he would be certainly excused for, if not justified in, the interpretation that the payment should be made only upon 65-percent base acreage. The Secretary later construed the language of the existing law as authorizing him to make the payment only upon 65-percent base acreage. So construing it, he adopted a regulation to carry out that plan.

The language of this amendment does not change in the slightest way the language of the existing law, the Deficiency Act, except as to an entirely different thing, which is the requirement as to the proof of compliance with the 1938 program. The Senator from Alabama consulted me about this amendment matter solely because I had drafted the original amendment. His intention was that it should have no effect other than to remove the requirement as to proof of compliance with the 1938 program.

That was done for this reason: If this was a voluntary bill, or if it should hereafter be determined by the Congress that it should be voluntary as to cotton, then the existing law should remain, and proof of compliance should remain in the law, so that the original agreement would be carried out. But if the bill reported by the Senator's committee is enacted, and it is not a voluntary law but is a compulsory law, then all the reasons for offering a financial inducement to comply with a voluntary law have disappeared. The law being compulsory, with which a man must comply, no man being permitted to purchase without paying 75 percent of the value into the Treasury, and no man being permitted to sell under the bill without loss of all payments either under the Soil Conservation Act or under this measure, of what use is it to say that a farmer must wait until next October to prove that he has complied with the law?

I know that the Secretary did not understand the purpose of this amendment and that he has the idea the Senator has, that the purpose of this provision was to pay on 100 percent of the 1937 crop instead of 65 percent base acreage. That is not the plan. It certainly is not my idea that it should cost one dollar more than the \$65,000,000 per year provided last session. I do not think it should, because I do not think the Congress would grant additional money.

The Senator and I are in entire accord upon that; but the Senator misunderstands the intention of the language. There is no change in this section, as he will see if he will compare it with the deficiency bill of last session, except the removal or elimination of the requirement of proof of compliance. If hereafter the compulsory provisions are eliminated from the bill, then we should strike this section from the bill. If it is changed to a voluntary plan, then we should leave the law just as we enacted it last August, offering an inducement to comply with the voluntary proposal.

Mr. ELLENDER. As I understood the agreement, whatever program was enacted by the Congress must be followed by all cotton producers of 1937 in order to get part of this 3-cent payment. Is that true?

Mr. BYRNES. Yes.

Mr. ELLENDER. Whether it is voluntary or not, I believe that every cotton farmer who does not participate in the 1938 program is not entitled to any payment. As I interpret the amendment under discussion, whether a farmer is a cooperator in 1938 or not, he is to get payment.

Mr. BYRNES. If the Senator will look at the section he has placed in the bill—I know he is very familiar with it—it is provided that if a man does not cooperate he will not receive anything, either under the Soil Conservation Act or under this bill. Is not that correct?

Mr. ELLENDER. No.

Mr. BYRNES. Then I shall have to read the Senator the language of the bill.

Mr. ELLENDER. I do not so interpret it.

Mr. BYRNES. Let me read it to the Senator. I read from page 38, subsection (c):

Persons who knowingly sell cotton grown on acreage not included in an acreage allotment shall not be eligible for any payments under the Soil Conservation and Domestic Allotment Act nor under this title.

Mr. ELLENDER. That refers to the crop of 1938. We are dealing now with the crop of 1937.

Mr. BYRNES. No.

Mr. ELLENDER. As I understand, in order for the farmer to get payment on the crop of 1937, as is provided in this agreement, he must comply with the new law that will go into effect.

Mr. BYRNES. The crop of 1938.

Mr. ELLENDER. That is correct.

Mr. BYRNES. Yes, that is it; and what I am saying to the Senator is that that being true, when the Senator is proposing a bill here which will require every last one of the farmers either to comply or to get nothing under the Soil Conservation Act and nothing under this bill, and if the farmer does not comply and attempts to sell what he makes, the man who buys it has to put 75 percent of the value in the Treasury, the reason for the proof of compliance has gone. What is the use of keeping a farmer out of his money until next October to make him prove that he has complied with something that we know he must comply with, and that we intend to make him comply with? That is all there is to it.

Mr. ELLENDER. Mr. President, in connection with my remarks, I ask unanimous consent to have printed in the RECORD the portion of the hearing held on August 12, 1937, beginning at page 204 and continuing to page 217, which shows that it was distinctly understood at the time the committee was appointed to visit the President and the Secretary of Agriculture that the loans and the payments to the cotton farmer were to be made on the same basis that prevailed in 1935. The questions and answers appearing in the hearing to which I have referred will show that if we went beyond the power of the President to deal with the situation other than as was provided in 1935, we should have to have additional legislation. So, with that in mind, the committee called on the President and the Secretary of Agriculture, and it was pointed out that the committee was asked to request the President to give to the cotton farmers who plant cotton

in 1937 the same loan and payment plan as the cotton farmers had in 1935.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[Extract from hearings on "Commodity Loans for 1937" held before the Committee on Agriculture and Forestry of the United States Senate at Washington, D. C., on Thursday, August 12, 1937 (pp. 203-217)]

Senator SCHWELLENBACH. So far as I am concerned, we don't raise any cotton in my State, or any corn. We raise wheat, and as far as present indications go, wheat is going to have a very good year. Personally I have no interest in this thing, yet I am willing to come here and spend all my time, come here to an evening meeting, and try to work out something for cotton.

Let us forget about asking for something we cannot get and try to save this cotton situation. Whether it is Senator CONNALLY's method or any other method. But there is no use kidding ourselves. What we have got to do is to save the present emergency in cotton and help anybody who is interested in cotton, and I am willing to come here and try to help work it out.

The CHAIRMAN (Senator SMITH presiding). That is a perfectly fine statement.

Senator FRAZIER. My suggestion, Mr. Chairman, is that you put it as close to what you got in 1935 as you can. You have a precedent for that. You wouldn't be asking for anything out of reason, and if you get 2 cents a pound or 1½ cents, it would help that much. I am in the same position as Senator SCHWELLENBACH. I haven't any particular interest in cotton, but I would like to see you people get a square deal.

The CHAIRMAN. My idea is that this bill or the Connally bill could be amended to conform to exactly the same principle we worked in 1935, say, 2½ or 3 cents—then it was about 2½ cents in 1935—

Senator SCHWELLENBACH (interposing). I just asked a representative of the Legislative Counsel, and he says he thinks the President today has the same power as he had in 1935. Why isn't it reasonable that this committee should appoint a subcommittee to go down and ask the President to do what he did in 1935? I understand that Senator Bilbo has a more complete resolution than the one he offered this morning, which I understand the President and Secretary approve of. Why shouldn't we get down, agree to pass that resolution if the President will do what he did in 1935 for cotton? It worked in 1935 admirably.

The CHAIRMAN. It did; it worked fine.

Senator MCGILL. Is it the understanding that whatever it was, a bill or joint resolution, passed in 1935 is still in force?

Senator SCHWELLENBACH. It was an Executive order.

Senator MCGILL. It was an Executive order and not a congressional action?

Senator SCHWELLENBACH. Yes.

Senator MCGILL. Now, some have made a suggestion with reference to a minimum scale, as well as what you call a ceiling, or maximum. Was that in the Executive order?

Senator Bilbo. In effect; yes.

Senator MCGILL. Then, this suggestion was made, I think, of 9 cents as the low point.

Senator Bilbo. Nine or ten cents.

Senator MCGILL. Ten would be the lending point.

Senator Bilbo. Yes.

Senator MCGILL. So you would make it nine. Where it got below—

Senator Bilbo (interposing). Ten would be the bottom.

Senator MCGILL. What you could borrow; and 12 was the high point in 1935.

Senator SCHWELLENBACH. The President was sold on that idea and it worked once. Why shouldn't we ask him for the same thing today?

The CHAIRMAN. Precisely. You hit it right.

Senator MCGILL. Why wouldn't it be all right to amend this resolution to that effect and report it out? Then if he wants to make an Executive order tomorrow, well and good. I mean, the joint resolution.

Senator Bilbo. Make it 10 instead of 13½.

Senator MCGILL. Then you have it exactly in line with what his Executive order was in 1935.

The CHAIRMAN. I think it is a good idea. Mr. Williamson?

Mr. WILLIAMSON. I just wanted to make this statement. It is apparent that all you gentlemen want to cure this trouble in so far as it is possible in the face of a Treasury that is going to be critical and all that, and it appears to me that the idea that Senator McGill was just expressing of following Senator Bilbo and Senator Connally is right. We have got a practical thing facing us. You have the program of 1935 before you. I just gave the Secretary a copy of the instructions under which the thing worked. It strikes me that the solution of the thing—of course, we want as cotton growers and representing cotton growers everything that we can get for them, but we know there is a practical side to this thing. I don't like to come here and say that we have been advocating parity prices, and we have been convinced that is unreasonable, and that parity income would be as much as we could ask for that a fifteen and a half million bale crop of cot-

ton would give us. It is figured that to give us that income it would take 14½ cents, according to the figures of the Bureau of Agriculture Economics.

Now, if this committee does not think it is practical to get through a bill in this Congress to give that difference between 10 cents and 14½ cents, then it is certainly left to your sound judgment to do the best thing that you think you can do under the circumstances.

The CHAIRMAN. How would this do, Mr. Williamson, and those of you who understand the situation; that we take that and draft a joint resolution for a bill embodying the identical thing that was done in 1935.

Mr. WILLIAMSON. If that has not been kicked out, I don't know whether that part of the Triple A was affected by the Court decision or not, but I take it not.

Senator MCGILL. A very simple amendment will make this resolution apply.

The CHAIRMAN. Let us see that.

Senator MCGILL. It is Connally's resolution.

Mr. WILLIAMSON. You have the same regulations, you have the same procedure, the same machinery. Embodying the thought of everybody here, if you can't get 4½ cents, get 3 cents, or whatever you gentlemen think would be reasonable and practical, and Congress will pass on what you think is fair.

Senator SCHWELLENBACH. It is not whatever is fair or reasonable; it is what the President is sold on and what will work.

The CHAIRMAN. That is the very idea I have been trying to show was incorporated in the bill. The only thing is the parity price. Now, if you will just reduce it to where we will cover the same ground we did in 1935—under that, cotton finally did get to 14½ cents.

Senator HATCH. Mr. Chairman, that is a point that has been troubling me all day. This thing in 1935 did work out.

The CHAIRMAN. It did.

Senator HATCH. I cannot see why under the same conditions this would not work out. The conditions are about the same.

The CHAIRMAN. The only difference is they drafted this bill almost identically along the lines of the 1935 bill, except they put "parity" in place of 2½ or 3 cents.

Senator HATCH. The practical thing to me seems to be that if you have a plan that you have tried and you know it will work, why not try it again?

The CHAIRMAN. That is what is incorporated in this bill, only they put the ceiling to parity, which was 17 or 18 cents.

Senator HATCH. You have been here longer than any of us and you know what the practical legislation situation is, to get a bill through Congress, better than anybody.

The CHAIRMAN. I think if we would strike out that parity either in our bill or draft a new one in which we said that the Government would guarantee, just like it did in 1935, a subsidy of 2½ or 2 cents or 3 cents above—paying 10 cents as we did then—I think it would pass.

Senator HATCH. Do you not think that that could go through?

The CHAIRMAN. Yes.

Senator HATCH. Now, I want to ask you is it necessary to have a joint resolution to do that, or does the President have the power to do it?

The CHAIRMAN. I think the President has the power to do it by Executive order, just like he did before, providing he will do it, but Mr. Wallace told us this morning that we would not get anything unless we had the ever-normal granary.

Senator SCHWELLENBACH. Mr. Chairman, I would like to make a motion.

The CHAIRMAN. All right.

Senator SCHWELLENBACH. I move, Mr. Chairman, that the committee report out favorably a resolution to be presented by Senator BILBO, which in effect, although it has different language, in effect, is the same resolution that we agreed this morning to report out.

Second. That the chairman instruct the representative of the legislative drafting bureau to draw up a bill amending the resolution of Senator CONNALLY to conform with the provisions and conditions which existed in 1935.

Third. That the chairman appoint a subcommittee to meet with the President tomorrow and request that he issue an Executive order carrying out the provisions of the revised Connally resolution.

Fourth, that if the President refuses to issue an Executive order, or if it is determined that the President does not have the power now to issue such an Executive order, that the committee report out simultaneously with the Bilbo resolution the revised Connally resolution.

Senator MCGILL. Will you pardon me? Why should that be simultaneous? You are going to have to wait on the President. You are going to see the President before reporting the resolution.

Senator SCHWELLENBACH. Yes.

Senator MCGILL. Why should the Bilbo resolution have to wait on that?

Senator SCHWELLENBACH. Well, we will change the resolution to instruct the reporting of the Bilbo resolution tomorrow regardless of the action of the President.

Senator MCGILL. There is only one other thing. You don't say anything about where these loans should be made. In order to maintain the price up to 12 cents, a loan would be available when your bottom was nine?

Senator SCHWELLENBACH. I cover that. I said that the Legislative Drafting Service would prepare the thing in precisely the same method as it went through in 1935.

The CHAIRMAN. As it was in 1935.

Senator MCGILL. I was wondering if that was in the 1935 order.

The CHAIRMAN. Yes; it was.

Senator MCGILL. Amend the Connally resolution to that effect.

The CHAIRMAN. I would like to add one thing, that the drafting clerk follow as nearly as may be the Executive order so that when the committee sees the President they can say, "This is precisely what you ordered or agreed to in 1935."

Senator SCHWELLENBACH. That was my intention.

Senator HATCH. There is one other thought that Senator Connally has suggested, which I think should be considered. Provided they agree to comply with the program for next year.

The CHAIRMAN. That is embodied in this resolution?

Senator FRAZIER. No.

The CHAIRMAN. I thought it was embodied in the Bilbo resolution.

Senator MCGILL. No; the Bilbo resolution is that it is the sentiment of the Congress to enact a bill.

Senator HATCH. I move an amendment to include that provision in this draft, making it conditioned on their compliance.

Senator MCGILL. Or their agreeing to comply.

The CHAIRMAN. Their agreeing to comply with whatever legislation we pass subsequent to this.

Senator SCHWELLENBACH. I will accept that amendment.

The CHAIRMAN. I think that is all right, because we are working toward that objective.

You have heard the motion of Senator SCHWELLENBACH; all in favor say aye.

(Motion carried.)

Senator HATCH. Mr. Chairman, this will altogether disregard the corn situation.

The CHAIRMAN. Disregard the former situation, and we are starting now on the basis of 1935 and following it out.

Senator HATCH. What I mean is this: I have very little cotton in my State, although it is of some importance in New Mexico, but I do realize the situation which is facing the corn producer or is going to confront them right soon. This entirely disregards that. Is that the wish?

The CHAIRMAN. Well, if the same situation exists—I don't know. You will have to come back here during the recess.

Senator BILBO. This resolution of mine takes care of the corn situation.

Senator MCGILL. That is with reference to the proposed bill we are going to enact next session.

Senator BILBO. He has the same power to come in on the corn in the same way.

The CHAIRMAN. Yes; he would.

Senator MCGILL. I don't see how you are going to take care of corn except by a general resolution. The facts are the farmers are having to pay too high a price for corn in order to get it.

Senator FRAZIER. But you have a big crop coming and when that is harvested you are not going to pay a big price for it. It is estimated it will be one of the biggest crops ever raised.

Senator MCGILL. But how are you going to deal with corn on a proposition where you wouldn't know where to make the payment?

Senator FRAZIER. Not now, but he could under Executive order.

The CHAIRMAN. Yes.

Senator BILBO. I think this resolution that I am offering as a substitute for the one I asked to be reported out prepares the way for a loan on all commodity crops that get into distress.

(Insert Bilbo resolution.)

Senator MCGILL. That is practically the same as the resolution we reported today. It has already been put on the calendar.

Senator THOMAS. That binds us to pass that kind of a bill next winter.

The CHAIRMAN. I think that is all right.

Senator THOMAS. That will get you loans both on corn and cotton.

The CHAIRMAN. If you like, Senator MCGILL, it may be all right to try the Joseph Act, but you are dealing with a world of traders, and the minute they know there is a certain amount of weed and a certain amount of cotton, all hell will never budge them.

Senator MCGILL. That is where they know it is subject to being disposed of at any time.

The CHAIRMAN. Right.

Senator MCGILL. That is the way the Farm Board was; they could sell any day, and the dealers knew it.

The CHAIRMAN. Just like we did under Oscar Johnson. Every time that cotton would start up he would hit it in the head with 100,000 bales. Wouldn't he, McDonald? Henry, didn't he?

Mr. HENRY. He broke the market.

The CHAIRMAN. Broke the market every time, but we will cross that bridge when we come to it.

Now, gentlemen, you have heard the resolution offered by Senator SCHWELLENBACH.

Senator BILBO. That has been adopted.

The CHAIRMAN. Now, what I want to do, I want the drafting clerk—and I would like to have these men that are thoroughly familiar with that. I think they could do it without any member of the committee, don't you think?

Senator HATCH. They can call on the committee if they want help.

The CHAIRMAN. You draft the principles of that Executive order, just as near as you can, verbatim, literatim, etc. This is an emergency thing, and I will pledge myself to come here and work just as hard for corn or anything else.

Now, the procedure is that they are to have it ready for us tomorrow. Is that it, Senator SCHWELLENBACH?

Senator SCHWELLENBACH. Yes.

The CHAIRMAN. Have it ready for us tomorrow, and then the committee, as I understand it, is to wait upon the President, submit it to him and in case he says for any reason, one reason or another, he can't do it, we will come back and pass such mandatory legislation as in our judgment is right.

I congratulate you, Senator; thank you.

Senator MCGILL. This resolution is ordered to be reported if he says he can't make an Executive order, and it is only to be done in case he can't make an Executive order.

Senator CONNALLY. The idea is to report the resolution and have it on the calendar, and then go down to the President and sell it.

I thank you, Mr. Chairman, and gentlemen of the committee, very much for your courtesy.

(Whereupon, at 9:20 o'clock p. m., the committee adjourned.)

Mr. SCHWELLENBACH. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. SCHWELLENBACH. I am very much interested in this particular subject because of the fact that I was the only member of the committee who went to the White House who did not represent a cotton State, and I have been rather confused about this section of the bill. But I must say, frankly, that, so far as I am concerned, it seems to me that the argument which the Senator from South Carolina presents does have very considerable merit.

We made an agreement with the President and Secretary of Agriculture, as both Senators have said, that this money was not to be paid unless the farmers complied. In the course of the conversation with the President it was pointed out that the money would not be paid until next August. There was no doubt in anyone's mind about that. I should like to have the Senator from Louisiana answer directly the argument of the Senator from South Carolina that as long as it is to be a compulsory program, anyway, and there is no way they can get out of complying with the program, or cooperating with the program, that there is no particular use of holding up the payment until next August and letting the money lie in the Treasury instead of going to the farmers. I should like to hear some expression by the Senator on that precise question.

Mr. ELLENDER. What is bothering me is that we cannot determine whether there is compliance by the cotton farmer until he actually plants his cotton. If a referendum is held and the farmers favor a compulsory plan, it may be that quite a few farmers will plant in excess of their allotted acreage, and if they do, certainly those farmers should not get anything under the plan.

Mr. BYRNES. Mr. President, with the Senator yield?

Mr. ELLENDER. I yield.

Mr. BYRNES. Does the Senator really think that there are farmers who will deliberately plant in excess of the acreage, when in the bill, in order to prevent them from doing that, it is provided that if I buy any cotton, I have to pay 75 percent of the value of the cotton, and, in addition, that the farmer, because he sells me that cotton, cannot get a dollar under any law for cooperating? He will not get a dollar, and the fellow who buys the cotton will pay the price and then be penalized.

Mr. ELLENDER. He certainly does not cooperate if he plants in excess of his quota, and I do not believe a farmer who does that ought to get a penny under the existing agreement.

Mr. BYRNES. Does the Senator believe we ought to keep people out of that money until next fall because of the fear that some man will plant in excess of his allotted acreage, knowing in advance that if he does that he cannot get a dollar, and knowing that the man who buys will have to pay 75 percent? If the Senator does believe that, why not make it 100 percent, and let us make certain?

Mr. ELLENDER. So far as I am concerned, payments could be made the moment it is found that any particular farmer has complied with the acreage allotment. If there is a desire to put it that way, that is all right with me; but

I do not believe I would put a date in the bill, just so long as the farmer has complied with the 1938 program; and, in my opinion, that can be found out as soon as he gets through planting cotton.

Mr. OVERTON. Mr. President, I wish to suggest to the junior Senator from Louisiana and to the Senator from South Carolina that apparently they are in harmony in the statement that there was an understanding with the Secretary of Agriculture and with the President with reference to these payments, but there is one thing which I think the Senator from South Carolina overlooked—that we are not necessarily going to have a compulsory program as to cotton. There must be a referendum, and suppose on the referendum more than one-third vote against the compulsory quota; although the bill may be enacted, we will not have a compulsory quota.

Mr. BYRNES. Mr. President, if there is not a compulsory program, then I will admit that there is no reason for the removal of the requirements, and by amendment provision can be made to require compliance as originally intended.

Mr. OVERTON. I do not think the Senator catches my point. The bill may be enacted into law, but before there is a national quota fixed there must be a referendum and two-thirds of the farmers must vote for the national quota. So the bill may be enacted into law, but there may not be any compulsory program.

Mr. BYRNES. If the fixing of the quota for this year is not left with the Secretary, but will be enforced only upon the determination in a referendum, then the section should be amended so as to make it apply when that is done. The Senator and I agree on that.

Mr. OVERTON. Yes.

Mr. BYRNES. If there is a compulsory program, it is useless to make the farmer wait until next November or December for the subsidy on his cotton which was sold in September.

Mr. OVERTON. I agree with the Senator in that connection, but it does not necessarily follow that we are to have a compulsory program.

WEST VIRGINIA POSTMASTERS

Mr. McKELLAR. Mr. President, a few days ago the nominations of 12 postmasters in the State of West Virginia were confirmed in the usual and ordinary way. I ask that the list be inserted at this point as a part of my statement.

The PRESIDING OFFICER. Is there objection?

There being no objection, the list was ordered to be printed in the RECORD, as follows:

POSTMASTERS

[Nominations reconsidered and restored to the calendar December 1, 1937]

WEST VIRGINIA

Edwin Caperton, Alloy. Office became Presidential.
William H. Hilburn, Beverly. Office became Presidential.
Anna S. Been, Camden on Gauley. Office became Presidential.
Blanche L. O'Dell, Hastings. Office became Presidential.
George W. Kilmer, Hedgesville. Office became Presidential.
George L. Carlisle, Hillsboro. Office became Presidential.
Kerth Nottingham, Marlinton, in place of E. G. Herald, deceased.
Nell Bennett Wolford, Pickens. Office became Presidential.
George L. Wilcoxon, Tams. Office became Presidential.
Merle G. Raab, Triadelphia. Office became Presidential.
Myrtle W. Orndorff, Wardensville. Office became Presidential.
Thelma P. Forbes, West Liberty. Office became Presidential.

Mr. McKELLAR. I did not know of a telegram which had been received by my secretary, as follows:

WESTON, W. VA., November 21.

WILLIAM FRY,
Clerk, Post Office and Post Roads Committee,
United States Senate, Washington, D. C.:
Senator HOLT III. Desires nominations held under consideration until he notifies you.

JESSIE E. TAYLOR,
Secretary to Senator Holt.

It seems that no further communication was received, no protests were made against any of these postmasters, no charges of any kind were filed, and, under the rules of the committee, the nominations were reported and they were duly confirmed, although I may say I did not know they had been confirmed.

Yesterday, however, I received the following telegram addressed to me:

WESTON, W. VA.

I requested that the postmaster nomination for West Virginia be held until my return to Washington. This was done because of illness that has prevented me from leaving my home. To take advantage of this and submit the names to the Senate is cheap.

RUSH D. HOLT.

Mr. President, if I had thought only of the wording of the telegram, I probably would not be on the floor at this time; but I overlook the discourtesy of the telegram, and in the attempt to be perfectly fair to the Senator from West Virginia, as I hope I am to every other Senator, immediately on its receipt yesterday I asked that the several postmaster nominations be restored to the calendar, and the office of the Senator from West Virginia has been notified, so that he can take whatever steps he may care to take.

In the meantime I find that 11 of the 12 postmasters have been fourth-class postmasters, appointed under the civil-service rules, but their offices have become Presidential, which is the reason for the nominations having been sent here. As to those 11, I have this report from the Department:

In the case of all of the West Virginia postmasters, whose office was made Presidential on July 1, 1937, the old postmaster (incumbent) was recommended for confirmation. Some of these were appointed when the office was fourth class under this administration and some under a previous administration. None, however, are new appointments on or subsequent to July 1, 1937.

I take it that under those circumstances no one would want to hold up the confirmation of all 11 nominees. If any charges are made against them, or as to any others, the names of these nominees will be kept on the Executive Calendar for a short time, so that such charges may be made, and, if necessary, considered by the Committee on Post Offices and Post Roads.

I make this statement in justice to myself and in justice to the Senator from West Virginia.

RECESS

Mr. POPE. I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 21 minutes p. m.) the Senate took a recess until tomorrow, Friday, December 3, 1937, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

THURSDAY, DECEMBER 2, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, our Father, as we stand before Thee, may there be grace and beauty shining in our hearts. O Spirit of Truth, shine through, and may our upward look give courage to our earthward step. Strengthen us with the power of that faith which is essentially creative. Guard us with that wisdom which is more precious than gold, and bless us with those riches which give sweetness and nobility of soul. Into Thy tender and merciful care we commend our beloved Speaker and all Members of the Congress. We pray that the bonds of loyalty and friendship may be strengthened between all our fellow citizens. O bless all men, and may they be clothed in their right minds, and keep us in the way that leads to life everlasting. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

PRIVILEGE OF THE HOUSE

Mr. FISH. Mr. Speaker, I rise to a question of privilege of the House and offer a resolution, which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 366

Whereas it is stated in the public press that the gentleman from Texas [Mr. DIES] has publicly stated that: "They have

swapped everything today but the Capitol. They have traded and promised Members everything to get them on that petition. They even told the Florida delegation they would get the Florida ship canal, I heard, if they signed. They promised so much there won't be anything left for the Federal Government"; and

Whereas the gentleman from Virginia [Mr. ROBERTSON] is quoted in the public press as having stated on the floor of the House: "Charges the House farm bill was being made 'a purely log-rolling proposition' to get signatures on the wage and hour petition were openly made in the House by Representative A. WILLIS ROBERTSON, Democrat, of Virginia. He spoke of efforts to 'trade support for the farm measure in return for support for the wage and hour measure.' 'Reprisals are openly threatened,' said ROBERTSON, 'if southern Members who conscientiously believe that the pending wage and hour bill is fundamentally unsound and inherently unworkable do not promptly march to the Clerk's desk and sign the petition to bring up the wage and hour measure'"; Therefore be it

Resolved, That a special committee consisting of five members shall be appointed by the Speaker to investigate such statements and report its findings and recommendation to the House of Representatives.

Mr. RAYBURN. Mr. Speaker, I move to lay the resolution on the table.

The SPEAKER. The question is on the motion of the gentleman from Texas to lay the resolution on the table.

The question was taken; and the Speaker announced that the ayes seemed to have it.

Mr. FISH. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 279, nays 94, answered "present" 1, not voting 56, as follows:

[Roll No. 9]

YEAS—279

| | | | |
|----------------|--------------------|------------------|-----------------|
| Allen, Del. | Dorsey | Johnson, W. Va. | O'Connor, N. Y. |
| Allen, La. | Doughton | Jones | O'Day |
| Amle | Doxey | Kee | O'Leary |
| Anderson, Mo. | Drew, Pa. | Kelly, Ill. | O'Malley |
| Arnold | Driver | Kennedy, Md. | O'Neal, Ky. |
| Ashbrook | Duncan | Kennedy, N. Y. | O'Neill, N. J. |
| Barden | Dunn | Keogh | O'Toole |
| Barry | Eberharter | Kerr | Owen |
| Beam | Eckert | Kirwan | Pace |
| Beiter | Elcher | Kitchens | Palmisano |
| Bell | Elliott | Kleberg | Parsons |
| Bernard | Evans | Kociakowski | Patman |
| Biermann | Farley | Kopplemann | Patrick |
| Bigelow | Ferguson | Kramer | Patterson |
| Binderup | Fernandez | Kvale | Patton |
| Bland | Fitzgerald | Lambeth | Peterson, Fla. |
| Bloom | Fitzpatrick | Lanham | Peterson, Ga. |
| Boland, Pa. | Flannagan | Lanzetta | Pettengill |
| Boren | Fleger | Larrabee | Pierce |
| Boyer | Fletcher | Lea | Polk |
| Boykin | Forand | Leavy | Quinn |
| Brooks | Ford, Calif. | Lesinski | Rabaut |
| Brown | Ford, Miss. | Lewis, Colo. | Ramsay |
| Buck | Frey, Pa. | Lewis, Md. | Ramspeck |
| Buckler, Minn. | Fries, Ill. | Long | Randolph |
| Bulwinkle | Fuller | Lucas | Rankin |
| Burch | Fulmer | Luckey, Nebr. | Rayburn |
| Byrne | Gambrill, Md. | Luecke, Mich. | Reilly |
| Caldwell | Garrett | McAndrews | Richards |
| Cannon, Mo. | Gasque | McClellan | Rigney |
| Cartwright | Gehrmann | McCormack | Robertson |
| Casey, Mass. | Gildea | McGehee | Robinson, Utah |
| Celler | Gingery | McGranery | Rogers, Okla. |
| Champion | Goldsborough | McKeough | Romjue |
| Chandler | Gray, Ind. | McLaughlin | Ryan |
| Chapman | Gray, Pa. | McMillan | Sacks |
| Clark, Idaho | Green | McReynolds | Sadowski |
| Clark, N. C. | Greenwood | McSweeney | Sanders |
| Claypool | Greever | Mahon, S. C. | Satterfield |
| Cochran | Gregory | Mahon, Tex. | Schaefer, Ill. |
| Coffee, Nebr. | Griffith | Maloney | Schneider, Wis. |
| Coffee, Wash. | Griswold | Martin, Colo. | Schuetz |
| Colden | Haines | Massingale | Schulte |
| Connery | Hamilton | Maverick | Scott |
| Cooley | Hancock, N. C. | Mead | Scruggam |
| Cooper | Hart | Meeks | Secrest |
| Cox | Harter | Merritt | Shanley |
| Cravens | Havener | Mills | Shannon |
| Creal | Healey | Mitchell, Ill. | Sirovich |
| Crosby | Hill, Ala. | Mitchell, Tenn. | Smith, Va. |
| Crowe | Hill, Wash. | Moser, Pa. | Smith, Wash. |
| Cullen | Honeyman | Mosier, Ohio | Smith, W. Va. |
| Cummings | Hook | Mouton | Snyder, Pa. |
| Curley | Houston | Murdock, Ariz. | Somers, N. Y. |
| Deen | Hunter | Murdock, Utah | South |
| Dempsey | Imhoff | Nelson | Sparkman |
| DeRouen | Izac | Nichols | Spence |
| Dickstein | Jacobsen | Norton | Stack |
| Dies | Jarman | O'Brien, Ill. | Starnes |
| Dingell | Jenckes, Ind. | O'Brien, Mich. | Steagall |
| Dixon | Johnson, Luther A. | O'Connell, Mont. | Sutphin |
| Dockweiler | Johnson, Lyndon | O'Connell, R. I. | Sweeney |
| | Johnson, Okla. | O'Connor, Mont. | Swope |